

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

JUNE 30, 2006

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2006

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CERTIFIED PUBLIC ACCOUNTANTS

July 7, 2006

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Evert Public Schools
Evert, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Evert Public Schools, Evert, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Evert Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Evert Public Schools, Evert, Michigan, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7 2006, on our consideration of Evert Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through viii and 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Evart Public Schools, Evart, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

Evart Public Schools, a K-12 school district located in Mecosta, Osceola and Clare Counties, Michigan has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Evart Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2006.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

A. Fund Financial Statements

For the most part, the fund financial statements are comparable to prior years' financial statements. The primary difference is that the Account Groups (General Fixed Assets and General long-term Debt) are no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds, which include Special Revenue Fund, Capital Projects and Debt Service Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

B. Government –Wide Financial Statements

The government-wide financial statements, required by GASB 34, are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire District's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

C. Summary of Net Assets

The following schedule summarizes the net assets at fiscal years ended June 30:

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

Assets	<u>2006</u>	<u>2005</u>
Current Assets	\$ 2,853,612	\$ 3,495,188
Non Current Assets		
Capital Assets	12,148,675	12,150,242
Less Accumulated Depreciation	(4,364,429)	(3,995,732)
Deferred Charges	<u>7,362</u>	<u>8,080</u>
Total Non Current Assets	<u>\$ 7,791,608</u>	<u>\$ 8,162,590</u>
Total Assets	<u><u>\$ 10,645,220</u></u>	<u><u>\$11,657,778</u></u>
Liabilities		
Current Liabilities	\$ 1,461,351	\$ 1,614,062
Non Current Liabilities	<u>4,303,362</u>	<u>4,713,127</u>
Total Liabilities	<u><u>\$ 5,764,713</u></u>	<u><u>\$ 6,327,189</u></u>
Net Assets		
Invested in Capital Assets Net of Related Debt	\$ 3,178,126	\$ 3,213,390
Restricted for Debt Service	127,245	137,384
Unrestricted	<u>1,575,136</u>	<u>1,979,815</u>
Total Net Assets	<u><u>4,880,507</u></u>	<u><u>5,330,589</u></u>
Total Liabilities and Net Assets	<u><u>\$ 10,645,220</u></u>	<u><u>\$11,657,778</u></u>

D. Analysis of Financial Position

During the fiscal year ended June 30, 2006, the District's net assets decreased by \$450,082. A few of the more significant factors affecting net assets during the year are discussed below:

1. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2006 \$438,732 was recorded for depreciation expense.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2006, \$68,468 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of \$370,264 for the fiscal year ended June 30, 2006.

E. Results of Operations

For the years ended June 30, the results of operations, on a District-wide basis, were:

	2006		2005	
	Amount	% of Total	Amount	% of Total
General Revenues				
Property Taxes	\$ 2,379,836	22.03%	\$ 2,248,180	20.73%
Investment Earnings	60,334	0.56%	42,028	0.39%
State Sources	6,119,963	56.66%	6,290,711	58.02%
Other	101,721	0.94%	128,465	1.18%
Total General Revenues	<u>\$ 8,661,854</u>	<u>80.19%</u>	<u>\$ 8,709,384</u>	<u>80.32%</u>
Program Revenues				
Charges for Services	\$ 205,370	1.90%	\$ 221,433	2.04%
Operating Grants	1,934,761	17.91%	1,913,251	17.64%
Total Program Revenues	<u>\$ 2,140,131</u>	<u>19.81%</u>	<u>\$ 2,134,684</u>	<u>19.68%</u>
Total Revenues	<u><u>\$10,801,985</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 10,844,068</u></u>	<u><u>100.00%</u></u>
Expenses				
Instruction	\$ 6,256,038	55.60%	\$ 6,342,923	56.71%
Supporting Services	3,658,548	32.52%	3,429,780	30.67%
Food Service Activities	473,416	4.21%	482,912	4.32%
Athletic Activities	229,123	2.03%	222,094	1.98%
Payments to Other Governments	15,966	0.14%	21,863	0.20%
Interest on Long-Term Debt	172,778	1.53%	182,999	1.64%
Other Transactions	6,748	0.06%	60,847	0.54%
Unallocated Depreciation	438,732	3.90%	437,122	3.91%
Unallocated Amortization	718	0.01%	3,907	0.03%
Total Expenses	<u>\$11,252,067</u>	<u>100.00%</u>	<u>\$ 11,184,447</u>	<u>100.00%</u>
Change in Net Assets	<u><u>\$ (450,082)</u></u>		<u><u>\$ (340,379)</u></u>	

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies 18.00 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2005-2006 fiscal year, the District levied \$1,891,829 in non-homestead operating property taxes. This represented an increase of 9.56% from the prior year. The amount of unpaid property taxes at June 30, 2006, was \$11,259. Debt retirement tax levy was 2.40 mills for 2005-2006 fiscal year amounting to \$488,007.

The following table summarizes the non-homestead property tax levies for operations for the past three years:

Fiscal Year	Operating Tax Levy	Debt Tax Levy	Total Tax Levy
2005-2006	\$1,891,829	\$488,007	\$2,379,836
2004-2005	\$1,726,780	\$521,400	\$2,248,180
2003-2004	\$1,443,017	\$513,315	\$1,956,332

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2005-2006 fiscal year, the District received \$6,875 per student.

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past three fiscal years:

Fiscal Year	Blended Student FTE
2005-2006	1,202
2004-2005	1,246
2003-2004	1,255

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2006, federal, state and other grants accounted for \$1,934,761. This is an increase of \$21,510, compared to grant sources from the 2004-2005 fiscal year.

G. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. The Board prior to the close of the fiscal year must approve any amendments made to the operating budget on June 30.

For the 2005-2006 fiscal year, the District amended the general fund budget in January and June 2006. The following schedule shows a comparison of the original general fund budget; the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	\$ 9,763,831	\$ 9,777,417	\$ 9,800,113	\$ 22,696
EXPENDITURES				
Instruction	\$ 6,258,414	\$ 6,295,949	\$ 6,272,596	\$ (23,353)
Supporting Services	3,687,180	3,781,813	3,718,964	(62,849)
Community Services	1,500	501	95	(406)
Other Transactions	148,650	21,135	20,157	(978)
Transfers	188,388	190,960	191,753	793
Total Expenditures	\$10,284,132	\$10,290,358	\$10,203,565	\$ (86,793)

The total revenues variance of \$22,696 is 0.23% of total budgeted revenues and the total expenditures variance was only \$86,793.

H. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2006, the District has \$12,148,675 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. The acquisitions and disposals represent a net decrease of \$1,567 over the prior fiscal year. Depreciation

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

expense for the year amounted to \$438,732 bringing the accumulated depreciation to \$4,364,429 as of June 30, 2006.

2. Long-term Debt

At June 30, 2006, the District had \$4,606,120 in bonded debt outstanding. This represents a reduction of \$335,000 from the amount outstanding at the close of the prior fiscal year.

I. Factors bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- Evart Public Schools had a loss of 41.47 students for the February 2006 Student count which is a continued enrollment reduction trend. This has led to Evart Public Schools second deficit in four years. The deficit for 2005-2006 was \$403,452.
- The retirement cost rate for each employee will increase from 16.34% to 17.74% for the 2006-2007 fiscal year. Also the health insurance cost rate for the year will modestly increase. These increases, along with increases in heating, electric and bus fuel, will produce another projected deficit for 2006-2007.
- To enhance revenues, the District has decided instead of contracting the pre-school program, to operate the program directly, saving contracted service costs without expanding personnel and more efficiently using space at the elementary school building.
- The District offered an early retirement incentive to cut operating expenditures. Four staff members took advantage of this program. The District replaced one of the staff members, but the other three positions were not replaced representing actual operating savings.
- Currently, the District is postponing the purchase of a new replacement bus, and has reduced bus routes by one for fiscal year 2006-2007.
- As of the date of this report, all three union contracts for 2006-2007 have yet to be settled. The contracts include teachers, bus drivers and support staff.

J. Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Evart Public Schools, P.O. Box 917, 321 North Hemlock, Evart, Michigan 49631.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN
STATEMENT OF NET ASSETS
JUNE 30, 2006
ASSETS

CURRENT ASSETS

Cash	\$ 1,261,770
Taxes Receivable	11,259
Accounts Receivable	28,863
Due From Other Governmental Units	1,390,962
Inventory	<u>160,758</u>
Total Current Assets	<u>\$ 2,853,612</u>

NON CURRENT ASSETS

Capital Assets	\$ 12,148,675
Less Accumulated Depreciation	(4,364,429)
Deferred Charges- Issuance Costs, Discounts - Net of Accumulated Amortization	<u>7,362</u>
Total Non Current Assets	<u>\$ 7,791,608</u>
TOTAL ASSETS	<u><u>\$ 10,645,220</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 25,368
Accrued Expenses	241,735
Accrued Interest Payable	28,610
Salaries Payable	460,008
Due to Other Governmental Units	305,396
Current Portion of Non Current Liabilities	<u>400,234</u>
Total Current Liabilities	<u>\$ 1,461,351</u>

NON CURRENT LIABILITIES

Bonds Payable	\$ 4,606,120
Compensated Absences	97,476
Less Current Portion of Non Current Liabilities	<u>(400,234)</u>
Total Non Current Liabilities	<u>\$ 4,303,362</u>
Total Liabilities	<u>\$ 5,764,713</u>

NET ASSETS

Invested in Capital Assets Net of Related Debt	\$ 3,178,126
Restricted for Debt Retirement	127,245
Unrestricted	<u>1,575,136</u>
Total Net Assets	<u>\$ 4,880,507</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 10,645,220</u></u>

The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL
		CHARGES FOR	OPERATING	ACTIVITIES
		SERVICES	GRANTS	NET (EXPENSES)
				REVENUES AND
				CHANGE IN
				NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 4,620,713	\$ 25,390	\$ 229,564	\$ (4,365,759)
Added Needs	1,442,438	0	1,033,235	(409,203)
Adult/Continuing Education	192,887	100	11,537	(181,250)
Supporting Services				
Pupil	595,332	0	0	(595,332)
Instructional Staff	458,475	0	113,758	(344,717)
General Administration	211,872	0	0	(211,872)
School Administration	603,233	0	0	(603,233)
Business	192,525	0	0	(192,525)
Operation and Maintenance of Plant	914,176	0	0	(914,176)
Pupil Transportation Services	564,647	1,500	1,435	(561,712)
Technology	118,288	0	231,462	113,174
Food Service Activities	473,416	144,017	313,770	(15,629)
Athletic Activities	229,123	34,363	0	(194,760)
Payments To Other Governments	15,966	0	0	(15,966)
Interest on Long Term Debt	172,778	0	0	(172,778)
Other Transactions	6,748	0	0	(6,748)
Unallocated Depreciation and Amortization	439,450	0	0	(439,450)
Total Governmental Activities	<u>\$11,252,067</u>	<u>\$ 205,370</u>	<u>\$ 1,934,761</u>	<u>\$ (9,111,936)</u>
<u>GENERAL REVENUES</u>				
Property Taxes -General Purposes				\$ 1,891,829
Property Taxes -Debt Service				488,007
Investment Earnings				60,334
State Sources				6,119,963
Other				101,721
Total General Revenues				<u>\$ 8,661,854</u>
Change in Net Assets				\$ (450,082)
<u>NET ASSETS</u> - Beginning of Year				<u>5,330,589</u>
<u>NET ASSETS</u> - End of Year				<u>\$ 4,880,507</u>

The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2006

	GENERAL FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 979,730	\$ 282,040	\$ 1,261,770
Taxes Receivable	11,167	92	11,259
Accounts Receivable	28,863	0	28,863
Due From Other Funds	0	8,102	8,102
Due From Other Governmental Units	1,390,962	0	1,390,962
Inventory	154,689	6,069	160,758
TOTAL ASSETS	<u>\$2,565,411</u>	<u>\$ 296,303</u>	<u>\$ 2,861,714</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 25,368	\$ 0	\$ 25,368
Accrued Expenses	238,606	3,129	241,735
Salaries Payable	453,142	6,866	460,008
Due to Other Funds	8,102	0	8,102
Due to Other Governmental Units	305,396	0	305,396
Deferred Revenue	11,167	92	11,259
Total Liabilities	<u>\$1,041,781</u>	<u>\$ 10,087</u>	<u>\$ 1,051,868</u>
<u>FUND BALANCE</u>			
Reserved for Inventory	\$ 154,689	\$ 6,069	\$ 160,758
Reserved for Debt Retirement	0	155,855	155,855
Unreserved, Designated for:			
Special Revenue Funds	0	124,292	124,292
Building Trades	1,624	0	1,624
Unreserved, Undesignated, Reported In, General Fund	<u>1,367,317</u>	<u>0</u>	<u>1,367,317</u>
Total Fund Balance	<u>\$1,523,630</u>	<u>\$ 286,216</u>	<u>\$ 1,809,846</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$2,565,411</u>	<u>\$ 296,303</u>	<u>\$ 2,861,714</u>

The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO
STATEMENT OF NET ASSETS

JUNE 30, 2006

Total Governmental Fund Balances	\$ 1,809,846
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are
not reported in the funds

The cost of the capital assets is	12,148,675	
Accumulated depreciation is	<u>(4,364,429)</u>	7,784,246

The issuance of Long-Term Debt provides current financial resources to funds, while the repayment of the principle of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of insurance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities over the life of the bond issue.

Bond Issuance Costs, Premiums and Discounts (Net)	9,337	
Accumulated amortization (Net)	<u>(1,975)</u>	7,362

Long term liabilities are not due and payable in the current period and are not
reported in the funds

Bonds Payable		(4,606,120)
Compensated Absences		(97,476)

Balance of taxes receivable expected to be collected after September 1, 2006		11,259
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Accrued interest is not included as a liability in government funds, it is recorded when paid		<u>(28,610)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 4,880,507</u></u>
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The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2006

	GENERAL FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Local Sources	\$ 2,065,241	\$ 681,525	\$ 2,746,766
State Sources	6,878,330	23,354	6,901,684
Federal Sources	780,033	296,993	1,077,026
Other Transactions	76,509	0	76,509
Total Revenues	\$ 9,800,113	\$ 1,001,872	\$ 10,801,985
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	\$ 4,636,151	\$ 0	\$ 4,636,151
Added Needs	1,443,520	0	1,443,520
Adult/Continuing Education	192,925	0	192,925
Supporting Services			
Pupil	593,539	0	593,539
Instructional Staff	458,293	0	458,293
General Administration	211,872	0	211,872
School Administration	604,684	0	604,684
Business	190,533	2,049	192,582
Operation and Maintenance of Plant	914,573	0	914,573
Pupil Transportation Services	627,277	0	627,277
Technology	118,193	0	118,193
Food Service Activities	0	472,297	472,297
Athletic Activities	0	229,123	229,123
Debt Service			
Principal	0	335,000	335,000
Interest	0	182,022	182,022
Paying Agent Fees	0	225	225
Community Services	95	0	95
Payments To Other Governments	15,966	0	15,966
Other Transactions	4,191	0	4,191
Total Expenditures	\$ 10,011,812	\$ 1,220,716	\$ 11,232,528
Excess (Deficiency) of Revenues Over Expenditures	\$ (211,699)	\$ (218,844)	\$ (430,543)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	\$ 0	\$ 191,753	\$ 191,753
Operating Transfers Out	(191,753)	0	(191,753)
Total Other Financing Sources (Uses)	\$ (191,753)	\$ 191,753	\$ 0
Net Change in Fund Balance	\$ (403,452)	\$ (27,091)	\$ (430,543)
<u>FUND BALANCE</u> - Beginning of Year	1,927,082	313,307	2,240,389
<u>FUND BALANCE</u> - End of Year	\$ 1,523,630	\$ 286,216	\$ 1,809,846

The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

Net change in Fund Balances Total Governmental Funds	\$ (430,543)
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(438,732)
Capital Outlay	68,468

Governmental funds report the effect of bond issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities over the life of the bond issue.

Amortization of Bond Issuance Costs, Premiums and Discounts (Net)	(718)
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Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	38,079
Accrued Interest Payable - End of Year	(28,610)

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	335,000
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Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred Revenue - Beginning of Year	(13,816)
Deferred Revenue - End of Year	11,259

Employees Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	107,007
Compensated Absences - End of Year	(97,476)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (450,082)</u>
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The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2006

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	\$ 107,194
Investments	<u>25,084</u>
 TOTAL ASSETS	 <u><u>\$ 132,278</u></u>
 <u>LIABILITIES AND NET ASSETS</u>	
 <u>LIABILITIES</u>	
Due to Groups and Organizations	\$ 132,278
 <u>NET ASSETS</u>	 <u>0</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 132,278</u></u>

The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Evart Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District (the "District") is located in Osceola County with its administrative offices located in Evart, Michigan. The District operates under an elected 7-member board of education and provides services to its 1,202 students in elementary, middle school, high school, special education and adult education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The financial statements of the Evart Public Schools have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds -

The District reports the following major governmental fund:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Other Non-major Funds –

The *special revenue (School Service) funds* account for revenue sources that are legally restricted to expenditures for specific purposes. The District accounts for its food service and athletic activities in special revenue funds.

The *debt retirement fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on pupil membership counts taken in February and September of 2005. For fiscal year ended June 30, 2006, the per pupil foundation allowance was \$6,875 for Evart Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2005 to August 2006. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and are billed and due December 1. Unpaid taxes become delinquent as of February 14th and subject to penalties and interest after that date. Uncollected taxes at year-end are not material.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund - Non-homestead	18.00
Debt Service Fund - Homestead and non-homestead	2.40

4. Inventory and Prepaid Expenditures

Inventory is valued at cost. Inventory in the general and special revenue funds consist of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchases. Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Land Improvements	20 years
Buildings and Additions	50 years
Machinery and Equipment	5-20 years
Transportation Equipment	8 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

It is the District's policy to permit employees to accumulated earned but unused sick pay and vacation time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Deferred Revenue

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenue includes property taxes receivable that is not anticipated to be collected within 60 days after year end.

8. Unearned Revenue

The District reports unearned revenue on its combined balance sheet. Unearned revenues arise when assets are recognized in connection with a transaction before the revenue is fully earned. These recognized assets must be offset by a corresponding liability for unearned revenue.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District has opted to apply the provisions of GASB 34 paragraph 146, which allows the amortization of premiums, discounts and bond issuance costs, prospectively for all bonds issued after July 1, 2002.

10. Fund Balance

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reserves of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

11. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue.

The District maintains a formalized encumbrance system. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources is utilized in the governmental funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.
4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
6. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
7. Budgeted amounts are as originally adopted on June 27, 2005, or as amended by the School Board of Education on January 9, 2006 and June 12, 2006.

B. Excess of Expenditures Over Appropriations

School Service Fund – Athletic Activities Fund expenditures of \$229,123 exceeded appropriations of \$228,229 by \$894. This overage was funded by available fund balance.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District's deposits and investments are all on deposit with Citizens Bank, Bank One, and Chemical Bank.

Investment rate risk. The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

Foreign currency risk. The District is not authorized to invest in investments, which have this type of risk.

Credit risk. The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in Section 9 of the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with Section 7 of the District's investment policy.

Concentration of credit risk. The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2006, \$1,543,894 of the government's bank balance of \$1,843,894 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterpart, or by its trust department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor, and fiduciary funds are as follows:

	GENERAL	NON-MAJOR	TOTAL
Receivables			
Taxes	\$ 11,167	\$ 92	\$ 11,259
Accounts	28,863	0	28,863
Due from Other Governmental Units	1,390,962	0	1,390,962
	<u>\$ 1,430,992</u>	<u>\$ 92</u>	<u>\$ 1,431,084</u>

The allowance or doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes Receivable (General Fund)	\$ 11,167	\$ 0
Delinquent Property Taxes Receivable (Debt Service Fund)	<u>92</u>	<u>0</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 11,259</u>	<u>\$ 0</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

C. Capital Assets

A summary of changes in the District's capital assets follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Capital assets				
Land/Land Improvements	\$ 37,338	\$ 0	\$ 0	\$ 37,338
Buildings and Additions	7,715,007	0	0	7,715,007
Machinery and Equipment	3,525,261	6,678	0	3,531,939
Transportation Equipment	872,636	61,790	(70,035)	864,391
Subtotal	<u>\$ 12,150,242</u>	<u>\$ 68,468</u>	<u>\$ (70,035)</u>	<u>\$ 12,148,675</u>
Less				
Land/Land Improvements	\$ 613	\$ 613	\$ 0	\$ 1,226
Buildings and Additions	1,950,246	133,675	0	2,083,921
Machinery and Equipment	1,531,071	240,330	0	1,771,401
Transportation Equipment	513,802	64,114	(70,035)	507,881
Accumulated	<u>\$ 3,995,732</u>	<u>\$ 438,732</u>	<u>\$ (70,035)</u>	<u>\$ 4,364,429</u>
Net Capital	<u><u>\$ 8,154,510</u></u>	<u><u>\$ (370,264)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 7,784,246</u></u>

Depreciation for the fiscal year ended June 30, 2006 amounted to \$438,732. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. General Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of the governmental long-term debt transactions for the School District for the year ended June 30, 2006:

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

	SERIAL BONDS	COMPENSATE ABSENCES	TOTAL
Long-Term Debt at July 1, 2005	\$ 4,941,120	\$ 107,007	\$ 5,048,127
Serial Bond Payment	(335,000)	0	(335,000)
Decrease in Employee Vested Benefits	0	(9,531)	(9,531)
Long-Term Debt at June 30, 2006	4,606,120	97,476	4,703,596
Less Current Portion	(400,234)	0	(400,234)
Total Due After One Year	<u>\$ 4,205,886</u>	<u>\$ 97,476</u>	<u>\$ 4,303,362</u>

The District's debt obligations at June 30, 2006, are comprised of the following issues:

2003 Refunding Bonds due in annual principal installments ranging from \$370,000 to \$530,000 through May 1, 2016 with interest ranging from 2.50% to 4.1500%	\$ 4,535,000
1998 Durant Settlement Bonds, due in annual principal installments ranging from \$6,153 to \$30,234 through May 15, 2013, with interest averaging 4.06992%	71,120
Compensated Absences of Employee Vested Sick Pay Accumulations	<u>97,476</u>
TOTAL LONG-TERM DEBT	<u>\$ 4,703,596</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2006, including interest payments of \$1,043,225 are as follows:

YEAR ENDING JUNE 30,	SERIAL BONDS	DURANT BONDS	TOTAL
2007	\$ 536,668	\$ 36,889	\$ 573,557
2008	547,418	7,817	555,235
2009	555,718	7,818	563,536
2010	562,392	7,817	570,209
2011	562,342	7,817	570,159
2012-2016	<u>2,801,014</u>	<u>15,635</u>	<u>2,816,649</u>
	<u>\$5,565,552</u>	<u>\$ 83,793</u>	<u>\$5,649,345</u>

The annual requirements to amortize the accrued sick leave and termination pay are uncertain because it is unknown when the employees will use the sick leave, or terminate employment.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

E. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables as shown in the individual fund financial statements at June 30, 2006, were:

<u>FUND</u>	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 0	\$ 8,102
Food Service Fund	3,052	0
Athletic Activities Fund	5,050	0
	<hr/>	<hr/>
	\$ 8,102	\$ 8,102
	<hr/>	<hr/>

Interfund transfers as shown in the individual fund financial statements at June 30, 2006, were:

<u>FUND</u>	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 0	\$ 191,753
Athletic Activities Fund	191,753	0
	<hr/>	<hr/>
	\$ 191,753	\$ 191,753
	<hr/>	<hr/>

Transfers are used to move unrestricted general fund revenues to the athletic activities fund in accordance with budgetary authorizations, including amounts provided as subsidies.

F. Interest Information

The School District's interest income and interest expense for 2005-2006 amounted to the following:

	INTEREST INCOME	INTEREST EXPENSE
General Fund	\$ 52,496	\$ 0
Food Service Fund	3,947	0
Athletic Activities Fund	27	0
Debt Retirement Funds	3,864	174,205
	<hr/>	<hr/>
	\$ 60,334	\$ 174,205
	<hr/>	<hr/>

G. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of December 1. The due date is February 14, after which time the

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

bills become delinquent and penalties and interest may be assessed by the collecting entity. All property taxes recognized as revenue when levied.

In March 1994, the voters in the State of Michigan approved Proposition A, a change in the state constitution. This new school finance legislation imposes a statewide 6 mill tax levy on all property owners. In addition, an 18 mill levy, (locally voted) can be imposed on all non-homestead property in the district. The statewide homestead portion of property taxes is sent directly to the state. The local non-homestead portion is sent to the District and equals the local non-homestead taxable value multiplied by 18 mills. The state reallocates the homestead portion of the taxes based on a foundation grant per student less the local portion collected as described in Note (1) C.

The various counties in which the School District is located have tax revolving funds which allow the counties to pay off the various taxing units for their share of the current year real property taxes returned delinquent. Taxes receivable are uncollected delinquent personal property taxes.

NOTE 4 - OTHER INFORMATION

A. Employee Retirement System

Plan Description. The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Michigan Department of Management and Budget, Office of Retirement Systems. General oversight of the retirement system resides with the MPERS' board. MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing Michigan 48909-7671 or by calling 1-517-322-6000.

Pension Funding Policy. Employees first hired before January 1, 1990, could make a one-time irrevocable election to contribute to the Member Retirement Plan (MIP). Employees first hired on or after January 1, 1990, are automatically included in MIP. Employees in the MIP who were hired before January 1, 1990, contribute 3.9% of their salaries to the plan. Employees hired on or after that date contribute 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. MIP contributions at a rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP moneys on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute at an actuarially determined rate to fund pension benefits, plus an additional amount to fund retiree health care benefits on a "pay as you go basis". During the year ended June 30, 2006, the District was required to contribute 16.34% of covered compensation. The contribution requirements of plan members and the Evart Public Schools are established and may be

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

amended by the MPSERS Board of Trustees. The District's contributions to the MPSERS for the years ended June 30, 2006, 2005 and 2004 were \$939,841, \$840,641 and \$743,575, respectively, and were equal to the required contributions for each year.

B. Single Audit Report

The School District is required to have an audit performed in accordance with the guidelines of the Single Audit Act of 1984, as amended. This audit has been performed and the reports based thereon have been issued under separate cover.

C. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

D. Headlee Underfunding Settlement

The District received and accepted an offer from the State of Michigan to settle a lawsuit commonly known as the *Durant* case. This lawsuit related to the underfunding of state mandated special education services. The District will receive a total of \$ 222,624 as a result of this settlement as follows:

1. Fifty percent will be paid in ten annual installments of \$11,132 beginning on November 15, 1998 without interest, for a total of \$111,320. The remaining unpaid balance is \$22,264 at year end.
2. The remaining fifty percent was received on November 16, 1998 with bond proceeds from a Michigan Municipal Bond Authority bond program.

The ten year installment payments may be used only for textbooks, electronic instructional material, software, technology, infrastructure or infrastructure improvements, school buses, school security, technology training, or debt service payment on voter-approved bonds issued before November 19, 1997.

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET OVER (UNDER)
<u>REVENUES</u>				
Local Sources	\$ 2,054,763	\$ 2,054,073	\$ 2,065,241	\$ 11,168
State Sources	6,923,203	6,869,736	6,878,330	8,594
Federal Sources	746,977	794,736	780,033	(14,703)
Other Transactions	38,888	58,872	76,509	17,637
Total Revenues	<u>\$ 9,763,831</u>	<u>\$ 9,777,417</u>	<u>\$ 9,800,113</u>	<u>\$ 22,696</u>
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	\$ 4,552,298	\$ 4,650,087	\$ 4,636,151	\$ (13,936)
Added Needs	1,426,555	1,451,125	1,443,520	(7,605)
Adult/Continuing Education	279,561	194,737	192,925	(1,812)
Supporting Services				
Pupil	564,534	615,450	593,539	(21,911)
Instructional Staff	441,798	475,847	458,293	(17,554)
General Administration	223,178	212,018	211,872	(146)
School Administration	562,315	609,270	604,684	(4,586)
Business	184,275	189,518	190,533	1,015
Operation and Maintenance	965,467	914,657	914,573	(84)
Pupil Transportation Services	580,253	637,363	627,277	(10,086)
Technology	165,360	127,690	118,193	(9,497)
Community Services	1,500	501	95	(406)
Payments to Other Governments	148,650	17,135	15,966	(1,169)
Other Transactions	0	4,000	4,191	191
Total Expenditures	<u>\$ 10,095,744</u>	<u>\$ 10,099,398</u>	<u>\$ 10,011,812</u>	<u>\$ (87,586)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (331,913)	\$ (321,981)	\$ (211,699)	\$ 110,282
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(188,388)	(190,960)	(191,753)	(793)
Net Change in Fund Balance	\$ (520,301)	\$ (512,941)	\$ (403,452)	\$ 109,489
<u>FUND BALANCE</u> - Beginning of Year	1,647,000	1,879,895	1,927,082	47,187
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,126,699</u>	<u>\$ 1,366,954</u>	<u>\$ 1,523,630</u>	<u>\$ 156,676</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2006

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT</u>	<u>TOTAL</u>
	<u>FOOD</u>	<u>ATHLETIC</u>	<u>RETIREMENT</u>	<u>NONMAJOR</u>
	<u>SERVICE</u>	<u>ACTIVITIES</u>	<u>FUNDS</u>	<u>GOVERNMENTAL</u>
				<u>FUNDS</u>
<u>ASSETS</u>				
Cash	\$ 125,802	\$ 383	\$ 155,855	\$ 282,040
Taxes Receivable	0	0	92	92
Due from Other Funds	3,052	5,050	0	8,102
Inventory	6,069	0	0	6,069
TOTAL ASSETS	<u>\$ 134,923</u>	<u>\$ 5,433</u>	<u>\$ 155,947</u>	<u>\$ 296,303</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accrued Expenses	\$ 2,130	\$ 999	\$ 0	\$ 3,129
Salaries Payable	2,703	4,163	0	6,866
Deferred Revenue	0	0	92	92
Total Liabilities	<u>\$ 4,833</u>	<u>\$ 5,162</u>	<u>\$ 92</u>	<u>\$ 10,087</u>
<u>FUND BALANCE</u>				
Reserved for Inventory	\$ 6,069	\$ 0	\$ 0	\$ 6,069
Reserved for Debt Retirement	0	0	155,855	155,855
Designated	124,021	271	0	124,292
Total Fund Balance	<u>\$ 130,090</u>	<u>\$ 271</u>	<u>\$ 155,855</u>	<u>\$ 286,216</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 134,923</u>	<u>\$ 5,433</u>	<u>\$ 155,947</u>	<u>\$ 296,303</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2006

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT</u>	<u>TOTAL</u>
	<u>FOOD</u>	<u>ATHLETIC</u>	<u>RETIREMENT</u>	<u>NONMAJOR</u>
	<u>SERVICE</u>	<u>ACTIVITIES</u>	<u>FUND</u>	<u>GOVERNMENTAL</u>
				<u>FUNDS</u>
<u>REVENUES</u>				
Local Sources	\$ 154,164	\$ 35,490	\$ 491,871	\$ 681,525
State Sources	15,537	0	7,817	23,354
Federal Sources	296,993	0	0	296,993
Total Revenues	\$ 466,694	\$ 35,490	\$ 499,688	\$ 1,001,872
<u>EXPENDITURES</u>				
Food Service Activities	\$ 472,297	\$ 0	\$ 0	\$ 472,297
Athletic Activities	0	229,123	0	229,123
Debt Service	0	0	519,296	519,296
Total Expenditures	\$ 472,297	\$ 229,123	\$ 519,296	\$ 1,220,716
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,603)	\$ (193,633)	\$ (19,608)	\$ (218,844)
<u>OTHER FINANCING SOURCES</u>				
Transfers In	0	191,753	0	191,753
Net Change in Fund Balance	\$ (5,603)	\$ (1,880)	\$ (19,608)	\$ (27,091)
<u>FUND BALANCE</u> - Beginning of Year	135,693	2,151	175,463	313,307
<u>FUND BALANCE</u> - End of Year	\$ 130,090	\$ 271	\$ 155,855	\$ 286,216

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 979,730	\$ 1,666,380
Taxes Receivable	11,167	13,152
Accounts Receivable	28,863	995
Due from Other Funds	0	19,689
Due from Other Governmental Units	1,390,962	1,398,624
Inventory	154,689	77,524
	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,565,411	\$ 3,176,364
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 25,368	\$ 21,583
Due to Other Funds	8,102	7,406
Due to Other Governmental Units	305,396	304,617
Accrued Expenses	238,606	277,704
Salaries Payable	453,142	624,820
Deferred Revenue	11,167	13,152
	<hr/>	<hr/>
Total Liabilities	\$ 1,041,781	\$ 1,249,282
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for		
Inventory	\$ 154,689	\$ 77,524
Unreserved		
Designated for Building and Trades	1,624	77,251
Undesignated	1,367,317	1,772,307
	<hr/>	<hr/>
Total Fund Balance	\$ 1,523,630	\$ 1,927,082
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,565,411	\$ 3,176,364
	<hr/> <hr/>	<hr/> <hr/>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	<u>2006</u>		<u>2005</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 2,054,073	\$ 2,065,241	\$ 1,906,705
State Sources	6,869,736	6,878,330	7,121,818
Federal Sources	794,736	780,033	721,344
Other Transactions	58,872	76,509	44,846
Total Revenues	<u>\$ 9,777,417</u>	<u>\$ 9,800,113</u>	<u>\$ 9,794,713</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary	\$ 1,665,497	\$ 1,659,086	\$ 1,651,916
Middle School	1,467,335	1,464,227	1,553,346
High School	1,379,514	1,376,116	1,290,599
Driver's Education	18,941	17,922	27,478
Early Childhood Education	118,800	118,800	118,800
Added Needs			
Special Education	1,048,989	1,042,731	968,364
Compensatory Education	260,928	259,669	340,923
Vocational Education	140,078	139,995	135,741
Gifted and Talented	1,130	1,125	699
Adult/Continuing Education	194,737	192,925	259,236
Supporting Services			
Pupil			
Guidance Services	308,862	291,490	273,988
Health Services	43,220	48,074	41,120
Social Work Services	22,666	23,578	23,039
Other Pupil Services	240,702	230,397	111,246
Instructional Staff			
Improvement of Instruction	258,816	241,709	195,362

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2005

	2006		2005
	BUDGET	ACTUAL	ACTUAL
Educational Media Services (Library)	158,852	158,335	152,086
Audiovisual	12,853	12,848	16,174
Supervision and Direction	45,326	45,401	42,426
General Administration			
Board of Education	50,905	51,851	54,472
Executive Administration	161,113	160,021	156,408
School Administration			
Office of the Principal	609,270	604,684	526,855
Business			
Fiscal Services	144,108	144,104	140,968
Other Business Services	45,410	46,429	33,696
Operation and Maintenance	914,657	914,573	921,335
Pupil Transportation Services	637,363	627,277	560,285
Technology	127,690	118,193	237,599
Community Services			
Community Recreation	501	95	0
Payments to Other Governments	17,135	15,966	21,863
Other Transactions	4,000	4,191	55,767
Total Expenditures	\$ 10,099,398	\$ 10,011,812	\$ 9,911,791
Excess (Deficiency) of Revenues Over Expenditures	\$ (321,981)	\$ (211,699)	\$ (117,078)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(190,960)	(191,753)	(178,676)
NET CHANGE IN FUND BALANCE	\$ (512,941)	\$ (403,452)	\$ (295,754)
<u>FUND BALANCE</u> - Beginning of Year	1,879,895	1,927,082	2,222,836
<u>FUND BALANCE</u> - End of Year	\$ 1,366,954	\$ 1,523,630	\$ 1,927,082

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>LOCAL SOURCES</u>		
Property Tax Levy	\$ 1,891,473	\$ 1,891,829
Tuition		
Summer School Tuition	300	737
Adult/Continuing Education Tuition	100	100
Drivers Education Tuition	11,000	10,353
Transportation - Young 4's	1,500	1,500
Earnings on Investments and Deposits	45,500	52,496
Rental of School Property	2,500	2,500
Responsible Thinking Presentations	13,950	13,950
Yoplait Donations and Grants	11,800	11,800
Book Donation	300	300
Osceola Community Foundation	3,000	3,000
Mecosta - Osceola United Way	350	570
USF Refunds	40,000	40,739
Miscellaneous	32,300	35,367
	<hr/>	<hr/>
Total Local Sources	\$ 2,054,073	\$ 2,065,241
	<hr/>	<hr/>
<u>STATE SOURCES</u>		
Grants-In-Aid Unrestricted		
State School Aid		
Proposal A Obligation	\$ 3,486,450	\$ 3,492,765
Discretionary Payment	2,621,910	2,619,308
Adult Education Participants	11,208	11,537
Grants-In-Aid Restricted		
State School Aid		
Renaissance Zone	73	73
At Risk	304,915	304,915
Michigan School Readiness	118,800	118,800
Special Education Headlee	295,529	297,333
Vocational Education	9,418	10,770
Court Placed Children	10,300	10,262
State \$ for Bus Driver Training	0	1,435
Durant Settlement	11,133	11,132
	<hr/>	<hr/>
Total State Sources	\$ 6,869,736	\$ 6,878,330
	<hr/>	<hr/>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGET	ACTUAL
<u>FEDERAL SOURCES</u>		
Grants-In-Aid Restricted		
Title I	\$ 358,950	\$ 358,947
Title I - Carryover	3,190	3,190
Title II - Part A - Improving Teacher Quality	93,881	93,881
Title II - Part D - Technology Literacy Challenge Grant	6,478	6,478
Title V - Part A - LEA Allocation	9,913	9,913
Comprehensive School Reform Demonstration Program	220,000	202,961
Comprehensive School Reform Demonstration Program - Carryover	28,501	28,501
Drug Free Schools and Communities	26,456	26,456
Family Preservation	21,383	21,412
Family Preservation - Carryover	2,166	2,166
Handicapped Preschool and School Program - CIMS Grant	4,130	804
Medicaid Outreach	2,800	3,486
Homeland Security Grant Program	0	4,950
Mecosta-Osceola ISD Special Education Aide - Flowthrough Grant	15,000	15,000
Mecosta-Osceola ISD Transition Grant	1,888	1,888
Total Federal Sources	\$ 794,736	\$ 780,033
<u>OTHER TRANSACTIONS</u>		
Prior Year Adjustments	\$ 750	\$ 2,035
Transfers Intermediate School District		
Special Education Dividend	18,122	18,122
School Based Medicaid	40,000	56,352
Total Other Transactions	\$ 58,872	\$ 76,509
TOTAL REVENUES	\$ 9,777,417	\$ 9,800,113

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

<u>INSTRUCTION</u>	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Basic Programs</u>		
<u>Elementary</u>		
Salaries		
Teachers	\$ 975,100	\$ 972,724
Teacher - Classroom Reduction	58,540	58,538
Substitutes	17,300	17,225
Cash in Lieu of Insurance	14,850	14,834
Employee Benefits		
Health Insurance	271,015	270,776
Health Insurance - Classroom Reduction	15,359	15,555
Early Retirement Incentive	12,500	12,500
Tuition Reimbursement	2,600	2,589
Retirement	161,500	159,909
Retirement - Classroom Reduction	9,560	9,468
Termination Pay	3,800	3,800
Employer Social Security	77,800	75,327
Employer Social Security - Classroom Reduction	4,475	4,374
Worker's Compensation	3,650	3,644
Worker's Compensation - Classroom Reduction	209	209
Purchased Services		
Contracted Services	3,550	3,505
Contracted Services - Classroom Reduction - Professional Development	4,646	4,646
Mailing and Postage	741	662
Copier Maintenance	7,600	7,614
Supplies and Materials		
Teaching Supplies	17,500	17,553
Testing Supplies	100	76
Miscellaneous Supplies	200	299
Capital Outlay		
Equipment and Furniture	1,010	1,007
Other Expense		
Indirect Costs - Classroom Reduction	1,092	1,092
Dues and Fees	800	1,160
Total Elementary	<u>\$ 1,665,497</u>	<u>\$ 1,659,086</u>

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Middle School</u>		
Salaries		
Teachers	\$ 905,300	\$ 904,636
Teacher - Tutorial -At Risk	3,000	2,700
Substitutes	17,200	17,130
Cash in Lieu of Insurance	1,400	1,395
Employee Benefits		
Health Insurance	262,200	262,124
Early Retirement Incentive	12,500	12,500
Tuition Reimbursement	5,300	4,285
Retirement	148,800	148,493
Retirement Incentive	3,610	3,606
Retirement - Tutorial - At Risk	491	441
Employer Social Security	69,600	69,384
Employer Social Security - Tutorial - At Risk	230	198
Worker's Compensation	3,310	3,302
Worker's Compensation - Tutorial -At Risk	16	15
Purchased Services		
Contracted Services	4,150	4,146
Travel and Conference	590	569
Mailing and Postage	742	742
Copier Maintenance	4,150	3,930
Supplies and Materials		
Teaching Supplies	20,580	20,503
Teaching Supplies - United Way Grant	470	470
Textbooks	125	124
Testing Supplies	996	965
Miscellaneous Supplies	100	98
Capital Outlay		
Equipment and Furniture	900	897
Other Expense		
Dues and Fees	1,575	1,574
Total Middle School	<u>\$ 1,467,335</u>	<u>\$ 1,464,227</u>

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>High School</u>		
Salaries		
Teachers	\$ 783,000	\$ 782,546
Teacher - Tutorial -At Risk	200	171
Substitutes	43,800	43,613
Substitutes -CIMS Grant	1,167	195
Cash in Lieu of Insurance	17,700	17,674
Employee Benefits		
Student Tuition	32,500	33,027
Health Insurance	210,950	210,716
Early Retirement Incentive	25,000	25,000
Tuition Reimbursement	1,325	1,302
Retirement	133,473	132,946
Retirement - Tutorial - At Risk	33	28
Retirement - CIMS Grant	191	32
Termination Pay	5,365	5,329
Employer Social Security	63,500	62,722
Employer Social Security - Tutorial - At Risk	16	13
Employer Social Security - CIMS Grant	88	15
Worker's Compensation	3,050	3,042
Worker's Compensation - Tutorial -At Risk	1	0
Worker's Compensation - CIMS Grant	4	0
Purchased Services		
Contracted Services	6,473	6,470
Travel and Conference	325	305
Mailing and Postage	2,727	2,727
Copier Maintenance	8,200	8,691
Supplies and Materials		
Teaching Supplies	17,002	17,439
Textbooks	6,700	6,678
Miscellaneous - Supplies	260	640
Capital Outlay		
Equipment and Furniture	1,800	1,712

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGET	ACTUAL
Other Expense		
Yoplait Grant - Physical Fitness	11,784	11,783
Osceola County Foundation Grant	530	500
Dues and Fees	2,350	800
Total High School	<u>\$ 1,379,514</u>	<u>\$ 1,376,116</u>
<u>Driver's Education</u>		
Salaries		
Teachers	\$ 13,500	\$ 13,460
Secretary - Clerical - Bookkeeper	800	733
Employee Benefits		
Retirement	2,830	1,598
Employer Social Security	1,325	1,075
Worker's Compensation	86	86
Supplies and Materials		
Gasoline, Oil and Grease	400	970
Total Driver's Education	<u>\$ 18,941</u>	<u>\$ 17,922</u>
<u>Early Childhood Education</u>		
Purchased Services		
At-Risk Preschool Expense	<u>\$ 118,800</u>	<u>\$ 118,800</u>
<u>Added Needs</u>		
<u>Special Education</u>		
Salaries		
Teachers	\$ 34,310	\$ 34,308
Teachers - Elementary	155,500	155,480
Teachers - Middle School	209,000	208,915
Teachers - Secondary	131,550	131,540
Teachers - PPI	58,550	58,538
Aides - Elementary	7,875	7,916
Aides - Secondary	13,475	13,552
Aide ISD Grant	11,870	11,869
Aides - PPI	14,014	13,947
Substitutes	500	346
Substitutes - Elementary	4,500	4,073
Substitutes - Middle School	2,600	2,383

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Substitutes - Secondary	1,600	1,375
Substitutes - PPI	1,540	1,538
Substitutes - CIMS Grant	1,167	260
Substitutes - Transition Grant	650	650
Cash in Lieu of Insurance - PPI	7,900	7,843
Employee Benefits		
Health Insurance	10,100	9,983
Health Insurance - Elementary	60,450	60,402
Health Insurance - Middle School	55,275	55,265
Health Insurance - Secondary	61,500	61,433
Health Insurance - PPI	1,550	1,507
Tuition Reimbursement	2,500	2,434
Tuition Reimbursement - Elementary	1,350	1,329
Tuition Reimbursement - Middle School	1,500	1,402
Tuition Reimbursement - Secondary	1,075	1,069
Retirement	5,700	5,573
Retirement - Elementary	27,450	26,997
Retirement - Middle School	34,575	34,092
Retirement - Secondary	24,000	23,625
Retirement ISD Grant	1,940	1,940
Retirement - PPI	12,000	11,983
Retirement - CIMS Grant	191	43
Retirement - Transition Grant	95	96
Employer Social Security	2,675	2,563
Employer Social Security - Elementary	12,850	11,825
Employer Social Security - Middle School	16,200	15,845
Employer Social Security - Secondary	11,225	10,354
Employer Social Security - ISD Grant	909	908
Employer Social Security - PPI	6,260	6,263
Employer Social Security - CIMS Grant	89	20
Employer Social Security - Transition Grant	50	50
Worker's Compensation	127	127
Worker's Compensation - Elementary	675	674
Worker's Compensation - Middle School	760	757
Worker's Compensation - Secondary	520	519
Worker's Compensation ISD Grant	99	101
Worker's Compensation - PPI	170	169

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Worker's Compensation - CIMS Grant	3	1
Purchased Services		
Travel and Conferences - Secondary	200	199
Travel and Conferences - Transition Grant	575	575
Contracted Services	10,500	10,172
Contracted Services - Middle School	500	1,318
Contracted Services - Hope Leader Program	21,200	21,035
Supplies and Materials		
Supplies - PPI	50	852
Teaching Supplies - Elementary	1,275	1,199
Teaching Supplies - Middle School	500	109
Teaching Supplies - Secondary	500	171
Teaching Supplies - Osceola County Foundation Grant	2,500	2,500
Teaching Supplies - Transition Grant	518	517
Textbooks	25	20
Other Expense		
Indirect Costs - ISD Grant	182	182
Total Special Education	<u>\$ 1,048,989</u>	<u>\$ 1,042,731</u>

Compensatory Education

Salaries		
Teachers	\$ 95,428	\$ 97,652
Teachers - At Risk - Summer School - Elementary	5,060	5,060
Teachers - At Risk - Summer School - Middle School	2,600	1,567
Teachers - Title I - Summer School - PW - Elementary	1,800	1,800
Instructional Aides	67,353	67,164
Cash in Lieu of Insurance	2,034	2,034
Employee Benefits		
Health Insurance	34,700	34,690
Retirement	26,662	26,599
Retirement - At Risk - Summer School - Elementary	827	827
Retirement - At Risk - Summer School - Middle School	425	257
Retirement - Title I - Summer School - PW - Elementary	294	294
Employer Social Security	12,689	12,084
Employer Social Security - At Risk - Summer School - Elementary	388	387
Employer Social Security - At Risk - Summer School - Middle School	199	120
Employer Social Security - Title I - Summer School - PW -Elementary	138	137

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGET	ACTUAL
Worker's Compensation	580	584
Worker's Compensation - At Risk - Summer School - Elementary	20	20
Worker's Compensation - At Risk - Summer School - Middle School	5	5
Supplies and Materials		
Teaching Supplies - Pathway - Summer School	300	10
Miscellaneous Supplies	1,892	844
Miscellaneous Supplies - Pathway Summer School	3,450	3,450
Other Expense		
Indirect Costs	4,084	4,084
Total Compensatory Education	\$ 260,928	\$ 259,669

Vocational Education

Salaries

Teachers - Nutrition	\$ 14,600	\$ 14,588
Teachers - Money Management	14,600	14,588
Teachers - Building Trades	27,600	27,552
Teachers - Healthy Relations	29,200	29,176
Substitutes - Healthy Relationships	425	424

Employee Benefits

Health Insurance - Nutrition	3,900	3,840
Health Insurance - Money Management	3,900	3,840
Health Insurance - Building Trades	7,710	7,679
Health Insurance - Healthy Relationships	7,710	7,679
Retirement - Nutrition	2,375	2,359
Retirement - Money Management	2,375	2,359
Retirement - Building Trades	4,550	4,456
Retirement - Healthy Relationships	4,800	4,756
Employer Social Security - Nutrition	1,120	1,091
Employer Social Security - Money Management	1,120	1,091
Employer Social Security - Building Trades	2,124	2,010
Employer Social Security - Healthy Relationships	2,250	2,215
Worker's Compensation - Nutrition	55	51
Worker's Compensation - Money Management	55	51
Worker's Compensation - Building Trades	102	101
Worker's Compensation - Healthy Relationships	107	107

Supplies and Materials

Teaching Supplies - Nutrition	500	490
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EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGET	ACTUAL
Teaching Supplies - Money Management	200	0
Teaching Supplies - Buildings Trades	3,000	7,174
Teaching Supplies - Healthy Relationships	100	0
Capital Outlay		
Equipment and Furniture - Building Trades	5,000	1,407
Equipment and Furniture - Healthy Relationships	600	911
Total Vocational Education	\$ 140,078	\$ 139,995
<u>Gifted and Talented</u>		
Purchased Services		
Workshops and Conferences	\$ 610	\$ 610
Supplies and Materials		
Teaching Supplies	520	515
Total Gifted and Talented	\$ 1,130	\$ 1,125
<u>Adult/Continuing Education</u>		
Salaries		
Supervision and Management		
Teachers - At Risk	\$ 106,000	\$ 105,563
Secretary-Clerical-Bookkeeper - At Risk	10,000	9,677
Substitutes - At Risk	1,970	1,902
Cash In Lieu of Insurance - At Risk	7,220	7,219
Employee Benefits		
Health Insurance - At Risk	24,700	24,719
Tuition Reimbursement	5,300	5,288
Retirement - At Risk	19,275	18,932
Employer Social Security		
Employer Social Security - At Risk	9,600	9,163
Worker's Compensation	142	141
Worker's Compensation - At Risk	500	496
Purchased Services		
Contracted Services	2,300	2,157
Professional Services - Custodial	1,000	1,000
Professional Services - Fiscal Services	1,000	1,000
Mailing and Postage	305	304
Supplies and Materials		
Teaching Supplies	2,200	1,948

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGET	ACTUAL
Testing Supplies	1,000	1,000
Textbooks	300	271
Library Books - Genesis	301	301
Office Supplies	309	497
Maintenance Supplies	750	792
Other Expense		
Dues and Fees	350	340
Miscellaneous	215	215
Total Adult/Continuing Education	\$ 194,737	\$ 192,925

SUPPORTING SERVICES

Pupil

Guidance Services

Salaries

Counseling - Elementary	\$ 29,300	\$ 29,269
Counseling - Middle School	51,600	51,140
Counseling - High School	32,550	31,129
Counseling - At Risk	29,530	29,524
Counseling - Title I	29,269	29,269
Clerical	17,400	17,312
Cash in Lieu of Insurance	882	882

Employee Benefits

Health Insurance - Elementary	15,825	0
Health Insurance - Middle School	15,410	15,358
Health Insurance - Secondary	16,700	16,625
Health Insurance - Title I	15,359	15,358
Retirement - Elementary	4,770	4,734
Retirement - Middle School	8,450	8,252
Retirement - Secondary	8,600	7,850
Retirement - At Risk	4,800	4,775
Retirement - Title I	4,783	4,734
Employer Social Security - Elementary	2,250	2,195
Employer Social Security - Middle School	3,950	3,844
Employer Social Security - Secondary	4,122	3,678
Employer Social Security - At Risk	2,260	2,189
Employer Social Security - Title I	2,240	2,195
Worker's Compensation - Elementary	108	107

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGET	ACTUAL
Worker's Compensation - Middle School	179	178
Worker's Compensation - Secondary	262	261
Worker's Compensation - At Risk	107	106
Worker's Compensation - Title I	107	107
Purchased Services		
Contracted Services	1,550	1,520
Contracted Services - Pathway Counselor	5,999	5,999
Supplies and Materials		
Teaching Supplies	500	2,900
Total Guidance Services	\$ 308,862	\$ 291,490
<u>Health Services</u>		
Salaries		
Nursing	\$ 26,286	\$ 26,285
Nursing - Title V	6,572	6,572
Employee Benefits		
Life Insurance	518	519
Retirement	4,300	4,241
Retirement - Title V	1,073	1,073
Employer Social Security	2,015	2,011
Employer Social Security - Title V	503	503
Worker's Compensation	112	111
Worker's Compensation - Title V	41	16
Other Expense		
Miscellaneous	1,800	6,743
Total Health Services	\$ 43,220	\$ 48,074
<u>Social Work Services</u>		
Salaries		
Safe Children Coordinator	\$ 15,201	\$ 15,886
Safe Children Coordinator	1,670	1,670
Safe Children Coordinator - Cash In Lieu	480	480
Employee Benefits		
Health Insurance	1,123	1,152
Health Insurance	115	115
Retirement	2,484	2,605
Retirement	248	248

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGET	ACTUAL
Employer Social Security	1,163	1,242
Employer Social Security	119	119
Worker's Compensation	49	48
Worker's Compensation	14	13
Total Social Work Services	\$ 22,666	\$ 23,578

Other Pupil Services

Salaries

Aides - Elementary	\$ 21,000	\$ 20,891
Aides - Middle School	12,300	12,296
Aides - Middle School - At Risk	24,400	24,640
Responsible Thinking Center - Coordinator - Elementary	3,500	2,114
Responsible Thinking Center - Coordinator - Middle School	3,000	1,103
Responsible Thinking Center - Coordinator - Secondary	950	0
Responsible Thinking Center - Coordinator - Elementary - At Risk	6,182	7,408
Responsible Thinking Center - Coordinator - Middle School - At Risk	6,870	9,620
Responsible Thinking Center - Coordinator - Secondary - At Risk	7,700	7,722
Responsible Thinking Center - Genesis - Adult Education - At Risk	6,480	6,466
Aide - RTC - Drug Free Schools	6,880	6,855
Aide - RTC - Drug Free Schools - Middle School	6,650	6,650
Aide - RTC - Drug Free Schools - Secondary	6,650	6,650
Class and Organization Advisors - Elementary	1,600	1,500
Class and Organization Advisors - Middle School	12,800	11,503
Class and Organization Advisors - Secondary	25,700	24,859
Class and Organization Advisors - Adult Education	1,800	1,559
Aides Substitutes - Elementary	1,250	1,220
Cash in Lieu of Insurance - Elementary	838	838
Cash in Lieu of Insurance - Middle School	624	624
Cash in Lieu of Insurance - Secondary	678	678

Employee Benefits

Health Insurance - Elementary	2,000	2,013
Health Insurance - Middle School	15,832	15,819
Health Insurance - Middle School - RTC - At Risk	6,375	6,363
Health Insurance - Middle School	4,498	4,483
Health Insurance - Secondary	1,280	1,267
Retirement - Elementary	4,550	4,269
Retirement - Middle School	4,610	4,106

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Retirement - Secondary	4,400	3,931
Retirement - Adult Education	300	228
Retirement - Elementary - RTC - At Risk	1,026	1,154
Retirement - Middle School - RTC - At Risk	5,125	5,262
Retirement - Secondary - RTC - At Risk	1,260	1,474
Retirement - Adult Education - RTC - At Risk	1,060	1,047
Retirement - RTC - Drug Free Schools	1,125	1,056
Retirement - Middle School - RTC - Drug Free Schools	1,087	1,087
Retirement - Secondary - RTC - Drug Free Schools	1,087	1,087
Employer Social Security - Elementary	2,206	1,704
Employer Social Security - Middle School	2,210	1,874
Employer Social Security - Secondary	2,110	1,630
Employer Social Security - Adult Education	140	119
Employer Social Security - Elementary - RTC - At Risk	481	567
Employer Social Security - Middle School - RTC - At Risk	2,400	1,593
Employer Social Security - Secondary - RTC - At Risk	590	469
Employer Social Security - Adult Education - RTC - At Risk	500	352
Employer Social Security - RTC - Drug Free Schools	527	525
Employer Social Security - Middle School - RTC - Drug Free Schools	509	509
Employer Social Security - Secondary - RTC - Drug Free Schools	509	509
Worker's Compensation - Elementary	65	62
Worker's Compensation - Middle School	130	124
Worker's Compensation - Secondary	131	134
Worker's Compensation - Adult Education	5	5
Worker's Compensation - Elementary - RTC - At Risk	21	24
Worker's Compensation - Middle School - RTC - At Risk	122	125
Worker's Compensation - Secondary - RTC - At Risk	26	29
Worker's Compensation - Adult Education - RTC - At Risk	3	2
Worker's Compensation - RTC - Drug Free Schools	26	26
Supplies and Materials		
ISD Truancy	1,500	1,216
Liaison Officer Supplies - At Risk	6,618	6,335
Liaison Officer Supplies	5,000	1,119
Liaison Officer Supplies - Drug Free Schools	1,293	1,390
Other Expense		
Indirect Costs	113	113
Total Other Pupil Services	<u>\$ 240,702</u>	<u>\$ 230,397</u>

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>Instructional Staff</u>		
<u>Improvement of Instruction</u>		
Salaries		
Curriculum Coordinator	\$ 1,500	\$ 1,500
Teacher - Elementary School Grant - CSR	10,000	6,732
Teacher - Middle School Grant - CSR - 04-05	3,400	3,400
Teacher - Secondary Grant - CSR	8,000	6,652
Substitutes - Elementary School Grant CSR	8,600	8,526
Substitutes - Secondary School Grant	5,000	1,430
Employee Benefits		
Retirement	250	231
Retirement - Elementary School Grant - CSR	6,379	2,219
Retirement - Middle School Grant - CSR -04-05	505	506
Retirement - Secondary Grant - CSR	2,125	1,196
Employer Social Security	115	111
Employer Social Security - Elementary School Grant - CSR	3,536	1,143
Employer Social Security - Middle School Grant - CSR - 04-05	258	258
Employer Social Security - Secondary - CSR	1,000	608
Worker's Compensation	5	5
Worker's Compensation - Elementary School Grant - CSR	75	55
Worker's Compensation -Middle School Grant - CSR - 04-05	26	26
Worker's Compensation -Secondary Grant - CSR	72	41
Purchased Services		
Contracted Services - RTP	7,050	7,013
Leadership Seminars - Elementary School Grant - CSR	69,695	59,557
Leadership Seminars - Elementary School Grant - CSR - 04-05	21,925	21,925
Leadership Seminars - Middle School Grant - RTP	1,120	1,118
Leadership Seminars - Secondary Grant - CSR	67,205	67,205
Travel and Conferences - Elementary School Grant - CSR	7,502	7,752
Travel and Conferences - Middle School Grant - CSR	1,061	1,061
Travel and Conferences - Secondary Grant - CSR	6,920	4,420
Supplies and Materials		
Teaching Supplies	100	30
Teaching Supplies - RTP	175	239
Teaching Supplies - Elementary Grant - CSR	14,213	24,398
Teaching Supplies - Middle School Grant - CSR - 04-05	1,326	1,325

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Teaching Supplies - Secondary Grant - CSR	9,678	11,027
Total Improvement of Instruction	<u>\$ 258,816</u>	<u>\$ 241,709</u>
<u>Educational Media Services (Library)</u>		
Salaries		
Librarian	\$ 60,538	\$ 60,538
Library Technician - Elementary	14,240	14,336
Library Technician - Middle School	14,250	14,239
Library Technician - Secondary	9,260	9,257
Cash in Lieu of Insurance - Elementary	858	858
Cash in Lieu of Insurance - Secondary	50	50
Employee Benefits		
Health Insurance - Elementary	1,280	1,267
Health Insurance - Middle School	10,200	10,066
Health Insurance - Secondary	15,675	15,608
Retirement - Elementary	2,320	2,322
Retirement - Middle School	2,350	2,299
Retirement - Secondary	11,400	11,264
Employer Social Security - Elementary	1,152	1,162
Employer Social Security - Middle School	1,100	763
Employer Social Security - Secondary	5,340	5,266
Worker's Compensation - Elementary	55	55
Worker's Compensation - Middle School	50	51
Worker's Compensation - Secondary	250	249
Supplies and Materials		
Library Books - Elementary	700	694
Library Books - Middle School	600	599
Library Books - Secondary	475	617
Reference and Resource Materials	500	490
Periodicals - Elementary	450	465
Periodicals - Middle School	325	302
Periodicals - Secondary	1,560	1,560
Magazine Art Summer	1,900	1,899
Supplies and Materials	250	310
Capital Outlay		
Equipment and Furniture - Title V - Elementary	583	592

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGET	ACTUAL
Equipment and Furniture - Title V - Middle School	583	574
Equipment and Furniture - Title V - Secondary	558	583
Total Library	\$ 158,852	\$ 158,335

Technology Assisted Instruction (Audiovisual)

Purchased Services

Contracted Services - Elementary	\$ 2,210	\$ 2,205
Contracted Services - Middle School	1,865	1,865
Contracted Services - Secondary	1,915	1,915
Contracted Services - Community Education	245	245
Contract Services - Technology Literacy Challenge Title II Part D	600	600
Equipment Maintenance	140	140

Capital Outlay

Equipment and Furniture - Technology Literacy Challenge Title II Part D	5,878	5,878
Total Audiovisual	\$ 12,853	\$ 12,848

Supervision and Direction

Salaries

Program Director - Title I	\$ 12,961	\$ 12,960
Program Director - Title I - Carryover	2,569	\$ 2,569
Secretarial - Clerical - Title I	8,000	7,874
Cash in Lieu of Insurance	2,300	2,292

Employee Benefits

Life and Disability Insurance - Title I	435	435
Health Insurance - Title I	13,300	13,291
Retirement - Title I	3,425	3,591
Retirement - Title I - Carryover	419	419
Employer Social Security - Title I	1,605	1,659
Employer Social Security - Title I - Carryover	197	197
Worker's Compensation - Title I	110	109
Worker's Compensation - Title I - Carryover	5	5

Total Supervision and Direction	\$ 45,326	\$ 45,401
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General Administration

Board of Education

Salaries

Board Members	\$ 3,100	\$ 2,731
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Employee Benefits

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Retirement	125	93
Employer Social Security	50	43
Worker's Compensation	10	9
Purchased Services		
Contracted Services	16,500	17,523
Legal Services	8,500	8,787
Audit Services	12,370	12,370
Audit Services - Title I	1,355	1,355
Travel and Conference	120	115
Election Expense	2,800	2,789
Supplies and Materials		
Supplies and Expenses	2,675	2,817
Other Expense		
Dues and Fees	3,300	3,219
Total Board of Education	<u>\$ 50,905</u>	<u>\$ 51,851</u>
<u>Executive Administration</u>		
Salaries		
Superintendent	\$ 100,800	\$ 100,770
Secretarial - Clerical	12,475	12,464
Employee Benefits		
Life Insurance	688	636
Health Insurance	16,800	16,755
Retirement	18,825	18,079
Employer Social Security	8,675	8,272
Worker's Compensation	460	456
Purchased Services		
Travel and Conference	150	150
Mailing and Postage	890	899
Supplies and Materials		
Miscellaneous	550	536
Other Expense		
Dues and Fees	800	1,004
Total Executive Administration	<u>\$ 161,113</u>	<u>\$ 160,021</u>

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>School Administration</u>		
<u>Office of the Principal</u>		
Salaries		
Administrative Assistant - Elementary	\$ 31,060	\$ 31,059
Elementary Principal	75,810	75,804
Middle School Principal	78,275	78,261
Secondary Principal	79,325	79,313
Genesis Principal	53,700	53,695
Secretarial - Clerical - Bookkeeper - Elementary	29,300	29,081
Secretarial - Clerical - Bookkeeper - Middle School	26,500	26,394
Secretarial - Clerical - Bookkeeper - Secondary	28,000	27,633
Cash in Lieu of Insurance - Secondary	14,500	14,489
Employee Benefits		
Life Insurance - Elementary	435	434
Life Insurance - Middle School	435	434
Life Insurance - Secondary	435	434
Life Insurance - Genesis Principal	450	434
Tuition Allowance - Elementary	6,100	6,024
Health Insurance - Elementary	32,900	31,875
Health Insurance - Middle School	30,100	30,073
Health Insurance - Secondary	5,550	5,465
Health Insurance - Genesis	15,410	15,404
Retirement - Elementary	22,250	22,590
Retirement - Middle School	17,150	16,844
Retirement - Secondary	17,550	16,330
Retirement - Genesis	8,775	8,655
Termination Pay	1,265	1,264
Employer Social Security - Elementary	10,500	10,706
Employer Social Security - Middle School	8,050	7,858
Employer Social Security - Secondary	9,325	8,582
Employer Social Security - Genesis	4,110	3,640
Worker's Compensation - Elementary	665	665
Worker's Compensation - Middle School	470	469
Worker's Compensation - Secondary	540	538
Worker's Compensation - Genesis	60	56
Purchased Services		
Advertising	100	28

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Travel and Conference - Secondary	75	75
Other Expense		
Miscellaneous - Elementary	100	78
Total Office of the Principal	<u>\$ 609,270</u>	<u>\$ 604,684</u>
<u>Business</u>		
<u>Fiscal Services</u>		
Salaries		
Accounting	\$ 74,200	\$ 74,193
Employee Benefits		
Health Insurance	44,725	45,786
Retirement	12,550	11,873
Employer Social Security	5,950	5,604
Worker's Compensation	535	535
Purchased Services		
Contracted Services	0	50
Mailing and Postage	423	423
Copier Maintenance	2,000	1,927
Supplies and Materials		
Miscellaneous	3,400	3,399
Capital Outlay		
Equipment and Furniture	325	314
Total Fiscal Services	<u>\$ 144,108</u>	<u>\$ 144,104</u>
<u>Other Business Services</u>		
Other Expense		
Taxes Abated	\$ 20,800	\$ 21,824
Building Insurance	24,610	24,605
Total Other Business Services	<u>\$ 45,410</u>	<u>\$ 46,429</u>
<u>Operation and Maintenance</u>		
Salaries		
Custodians	\$ 190,600	\$ 189,766
Substitute Custodians	27,300	27,000
Overtime - Operations and Service	3,800	4,049
Cash in Lieu of Insurance	1,314	1,314

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Employee Benefits		
Health Insurance	89,450	89,372
Retirement	36,900	35,381
Termination Pay	225	224
Employer Social Security	17,800	16,990
Worker's Compensation	10,400	10,370
Purchased Services		
Travel and Conferences	1,200	1,194
Telephone	36,100	36,131
Utilities - Community Education	4,525	4,536
Heating Fuel	162,000	156,684
Heating Fuel - Transportation	10,000	9,419
Electricity	96,000	100,442
Electricity - Transportation	4,075	4,000
Water and Sewage	6,500	6,391
Water and Sewage - Transportation	250	223
Waste and Trash Removal	14,000	12,780
Building Maintenance	91,000	90,993
Contracted Services - Thumb Maintenance	21,643	21,643
Supplies and Materials		
Custodial Supplies	61,450	60,541
Capital Outlay		
Equipment and Furniture	3,625	3,947
Other Expense		
1 Mill	21,000	27,298
Miscellaneous	3,500	3,885
Total Operation and Maintenance	<u>\$ 914,657</u>	<u>\$ 914,573</u>

Pupil Transportation Services

Salaries		
Crafts and Trade - Mechanic	35,150	35,145
Crafts and Trade - Mechanic's Helper	1,600	1,571
Vehicle Operation - Bus Drivers	150,500	146,195
Vehicle Operation - Substitute Drivers	21,050	21,030
Secretarial-Clerical-Bookkeeper	25,300	25,286
Overtime - Operations and Service	3,000	2,962
Extra Trips	19,500	19,450

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Cash in Lieu of Insurance	1,650	1,620
Employee Benefits		
Life Insurance	5,225	5,224
Health Insurance	77,125	76,798
Termination Pay	900	898
Dental Insurance	7,450	7,313
Retirement	42,500	40,598
Employer Social Security	20,200	17,995
Worker's Compensation	8,800	8,762
Purchased Services		
Contracted Services	16,600	15,436
Contracted Services - Thumb	21,643	21,642
Physicals	1,000	936
Travel and Conference	2,060	2,109
Transportation Insurance	10,400	10,385
Supplies and Materials		
Gas, Oil and Grease	58,460	58,672
Gas, Oil and Grease - PPI	3,000	2,945
Tires, Tubes and Batteries	2,550	2,541
Vehicle Repair Parts	31,000	31,049
Miscellaneous - Supplies	1,200	1,092
Capital Outlay		
Equipment and Furniture	2,900	2,866
New Buses	61,800	61,790
Other Expense		
Miscellaneous	4,800	4,967
Total Pupil Transportation Services	<u>\$ 637,363</u>	<u>\$ 627,277</u>

Technology

Salaries		
Program/Department Direction	\$ 9,500	\$ 9,310
Employee Benefits		
Retirement	100	83
Employer Social Security	765	712
Worker's Compensation	35	30
Purchased Services		
Contracted Services - Thumb	74,060	74,060
Contracted Services	30,000	20,719

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	BUDGET	ACTUAL
Contracted Services - Data - CIMS	630	56
Supplies and Materials		
Supplies and Awards	3,500	3,332
Supplies and Postage - CIMS	100	88
Capital Outlay		
Tech Equipment	9,000	9,803
Total Technology	<u>\$ 127,690</u>	<u>\$ 118,193</u>
<u>COMMUNITY SERVICES</u>		
<u>Community Recreation</u>		
Salaries		
Parent Involvement - CIMS	\$ 401	\$ 77
Employee Benefits		
Retirement	66	12
Employer Social Security	32	6
Worker's Compensation	2	0
	<u>\$ 501</u>	<u>\$ 95</u>
<u>PAYMENTS TO OTHER GOVERNMENTS</u>		
Transfers Intermediate School District		
Math and Science	13,125	12,031
Homebound	1,000	929
PA 25 - Improvement of Instruction	3,010	3,006
Total Other Transactions	<u>\$ 17,135</u>	<u>\$ 15,966</u>
<u>OTHER TRANSACTIONS</u>		
Prior Year Adjustments	\$ 4,000	\$ 4,191
Total Other Transactions	<u>\$ 4,000</u>	<u>\$ 4,191</u>
 Total Expenditures	 \$10,099,398	 \$10,011,812
<u>OTHER FINANCING USES</u>		
Transfers Out		
Athletic Activities Fund	190,960	191,753
 TOTAL EXPENDITURES AND OTHER USES	 <u><u>\$10,290,358</u></u>	 <u><u>\$10,203,565</u></u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2005

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTALS	
			2006	2005
<u>ASSETS</u>				
Cash	\$ 125,802	\$ 383	\$ 126,185	\$ 164,064
Due from Other Funds	3,052	5,050	8,102	0
Inventory - Food	6,069	0	6,069	5,728
TOTAL ASSETS	<u>\$ 134,923</u>	<u>\$ 5,433</u>	<u>\$ 140,356</u>	<u>\$ 169,792</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 19,689
Accrued Expenses	2,130	999	3,129	3,962
Salaries Payable	2,703	4,163	6,866	8,297
Total Liabilities	<u>\$ 4,833</u>	<u>\$ 5,162</u>	<u>\$ 9,995</u>	<u>\$ 31,948</u>
<u>FUND BALANCE</u>				
Reserved for Inventory	\$ 6,069	\$ 0	\$ 6,069	\$ 5,728
Unreserved				
Designated for:				
Food Service	124,021	0	124,021	129,965
Athletic Activities	0	271	271	2,151
Total Fund Balance	<u>\$ 130,090</u>	<u>\$ 271</u>	<u>\$ 130,361</u>	<u>\$ 137,844</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 134,923</u>	<u>\$ 5,433</u>	<u>\$ 140,356</u>	<u>\$ 169,792</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SPECIAL REVENUE (SCHOOLS SERVICE) FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2005

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTALS	
			2006	2005
<u>REVENUES</u>				
Local Sources	\$ 152,924	\$ 35,490	\$ 188,414	\$ 198,610
State Sources	16,777	0	16,777	18,711
Federal Sources	296,993	0	296,993	305,473
Total Revenues	\$ 466,694	\$ 35,490	\$ 502,184	\$ 522,794
<u>EXPENDITURES</u>				
Food Service	\$ 472,297	\$ 0	\$ 472,297	\$ 480,257
Athletic Activities	0	229,123	229,123	222,094
Total Expenditures	\$ 472,297	\$ 229,123	\$ 701,420	\$ 702,351
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,603)	\$ (193,633)	\$ (199,236)	\$ (179,557)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	0	191,753	191,753	178,676
Net Change in Fund Balance	\$ (5,603)	\$ (1,880)	\$ (7,483)	\$ (881)
<u>FUND BALANCE</u> - Beginning of Year	135,693	2,151	137,844	138,725
<u>FUND BALANCE</u> - End of Year	\$ 130,090	\$ 271	\$ 130,361	\$ 137,844

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - FOOD SERVICE

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 125,802	\$ 156,076
Due from Other Funds	3,052	0
Inventory - Food	<u>6,069</u>	<u>5,728</u>
 TOTAL ASSETS	 <u>\$ 134,923</u>	 <u>\$ 161,804</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 19,689
Accrued Expenses	2,130	2,889
Salaries Payable	<u>2,703</u>	<u>3,533</u>
 Total Liabilities	 <u>\$ 4,833</u>	 <u>\$ 26,111</u>
 <u>FUND BALANCE</u>		
Reserved for Inventory	\$ 6,069	\$ 5,728
Unreserved - Designated for Food Service	<u>124,021</u>	<u>129,965</u>
 Total Fund Balance	 <u>\$ 130,090</u>	 <u>\$ 135,693</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 134,923</u>	 <u>\$ 161,804</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - FOOD SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 3,720	\$ 3,947
Food Sales to Pupils	87,411	87,528
Ala Carte Sales	47,505	47,504
Food Sales to Adults	9,645	9,644
Milk Sales	582	581
Refunds and Rebates	3,734	3,733
Miscellaneous	1,227	1,227
Adjustments To Prior Year Accounts	1,240	(1,240)
State Sources		
State Aid - Regular	16,776	16,777
Federal Sources		
Federal Aid	273,608	273,603
U.S.D.A. Bonus Commodities	2,200	0
U.S.D.A. Entitlement Commodities	28,000	23,390
Total Revenues	\$ 475,648	\$ 466,694
<u>EXPENDITURES</u>		
Salaries		
Directors Salary	\$ 23,423	\$ 23,423
Cooks and Assistants	113,525	113,490
Clerical Salary	7,026	7,026
Aide Salary	6,045	6,043
Cash in Lieu of Insurance	4,275	4,252
Employee Benefits		
Health Insurance	24,900	24,877
Retirement	24,550	24,170
Employer Social Security	11,900	11,769
Worker's Compensation	5,663	5,662

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - FOOD SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Purchased Services		
Contracted Services	6,785	6,782
Travel and Expense	190	190
Mailing and Postage	65	65
Supplies and Materials		
Food Purchases	140,100	139,776
U.S.D.A. Commodities	290	286
Milk	37,800	37,740
Donated Commodities	30,200	23,390
Miscellaneous Supplies	15,025	14,989
Capital Outlay		
Equipment and Furniture	4,000	3,961
Other Expense		
Indirect Costs	23,400	23,400
Miscellaneous Expense	460	459
Sales Tax on Adult Lunches	550	547
Total Expenditures	\$ 480,172	\$ 472,297
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,524)	\$ (5,603)
<u>FUND BALANCE</u> - Beginning of Year	162,834	135,693
<u>FUND BALANCE</u> - End of Year	\$ 158,310	\$ 130,090

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - ATHLETIC ACTIVITIES

COMPARATIVE BALANCE SHEET
JUNE 30,

ASSETS

	<u>2006</u>	<u>2005</u>
Cash	\$ 383	\$ 2,151
Due from Other Funds	<u>5,050</u>	<u>5,837</u>
 TOTAL ASSETS	 <u>\$ 5,433</u>	 <u>\$ 7,988</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accrued Expenses	\$ 999	\$ 1,073
Salaries Payable	<u>4,163</u>	<u>4,764</u>
 TOTAL LIABILITIES	 \$ 5,162	 \$ 5,837

FUND BALANCE

Unreserved		
Designated for Athletic Activities	<u>271</u>	<u>2,151</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 5,433</u>	 <u>\$ 7,988</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - ATHLETIC ACTIVITIES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 25	\$ 27
Admissions	24,798	24,796
Concessions	9,570	9,567
Contributions	1,100	1,100
	<hr/>	<hr/>
Total Revenues	\$ 35,493	\$ 35,490
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Salaries		
Athletic Director	\$ 43,175	\$ 43,166
Coaches	83,900	83,847
Cash in Lieu of Insurance	15,150	15,135
Employee Benefits		
Health Insurance	250	566
Life Insurance	435	307
Retirement	20,175	20,713
Employer Social Security	10,675	10,813
Worker's Compensation	200	300
Purchased Services		
Officials	13,230	13,230
Game Workers	1,765	1,765
Contracted Services	4,260	4,258
Supplies and Materials		
Athletic Supplies	775	788
Concession Supplies	3,860	3,857
Awards and Trophies	2,188	2,188
Capital Outlay		
Equipment	19,969	19,968

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHOOL SERVICE FUNDS - ATHLETIC ACTIVITIES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

	<u>BUDGET</u>	<u>ACTUAL</u>
Other Expenses		
Registration and Entry Fees	5,940	5,940
Miscellaneous	2,282	2,282
Total Expenditures	<u>\$ 228,229</u>	<u>\$ 229,123</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (192,736)	\$ (193,633)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	<u>190,960</u>	<u>191,753</u>
Net Change in Fund Balance	\$ (1,776)	\$ (1,880)
<u>FUND BALANCE</u> - Beginning of Year	<u>12,982</u>	<u>2,151</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 11,206</u>	<u>\$ 271</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

DEBT RETIREMENT FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2005

	2003 DEBT RETIREMENT FUND	DURANT DEBT RETIREMENT FUND	TOTALS	
			2006	2005
<u>ASSETS</u>				
Cash	\$ 155,855	\$ 0	\$ 155,855	\$ 173,894
Taxes Receivable	92	0	92	664
Due from Other Funds	0	0	0	1,569
TOTAL ASSETS	<u>\$ 155,947</u>	<u>\$ 0</u>	<u>\$ 155,947</u>	<u>\$ 176,127</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Deferred Revenue	\$ 92	\$ 0	\$ 92	\$ 664
 <u>FUND BALANCE</u>				
Reserved for Debt Retirement	<u>155,855</u>	<u>0</u>	<u>155,855</u>	<u>175,463</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 155,947</u>	<u>\$ 0</u>	<u>\$ 155,947</u>	<u>\$ 176,127</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

DEBT RETIREMENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2005

	2003 DEBT RETIREMENT FUND	DURANT DEBT RETIREMENT FUND	TOTALS	
			2006	2005
<u>REVENUES</u>				
Local Sources				
Property Tax Levy	\$ 488,007	\$ 0	\$ 488,007	\$ 521,400
Commercial Forest Tax	0	0	0	3
Earnings on Investments and Deposits	3,864	0	3,864	1,459
State Sources				
Grants-In-Aid Restricted				
State Aid	0	7,817	7,817	0
Prior Year Adjustments	0	0	0	510
Total Revenues	<u>\$ 491,871</u>	<u>\$ 7,817</u>	<u>\$ 499,688</u>	<u>\$ 523,372</u>
<u>EXPENDITURES</u>				
Redemption of Serial Bonds	\$ 335,000	\$ 0	\$ 335,000	\$ 330,000
Interest on Debt	174,205	7,817	182,022	180,805
Paying Agent Fees	225	0	225	400
Taxes Abated and Written Off	2,049	0	2,049	0
Total Expenditures	<u>\$ 511,479</u>	<u>\$ 7,817</u>	<u>\$ 519,296</u>	<u>\$ 511,205</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,608)	\$ 0	\$ (19,608)	\$ 12,167
<u>FUND BALANCE</u> - Beginning of Year	<u>175,463</u>	<u>0</u>	<u>175,463</u>	<u>163,296</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 155,855</u>	<u>\$ 0</u>	<u>\$ 155,855</u>	<u>\$ 175,463</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 7/01/05	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/06
Amy Gregory Memorial Account	\$ 0	\$ 11,862	\$ 0	\$ 11,862
Athletic Revolving Account				
Boy's Basketball Camp	620	945	1,256	309
Girl's Basketball	3,432	0	0	3,432
Girl's Basketball Camp	924	101	0	1,025
Girl's Varsity Track	39	543	542	40
Girl's Volleyball	581	1,455	1,484	552
Cross Country	736	2,855	3,045	546
Baseball	1,440	1,199	1,532	1,107
Business Club	42	0	0	42
Care for Kids	170	0	0	170
Cheerleaders	2,547	3,469	2,167	3,849
Class of 2002	786	0	0	786
Class of 2004	956	0	0	956
Class of 2006	1,899	1,067	2,232	734
Class of 2007	2,411	7,268	6,285	3,394
Class of 2008	3,141	2,711	956	4,896
Class of 2009	1,042	1,900	975	1,967
Class of 2010	2,318	3,196	3,131	2,383
Class of 2011	356	3,443	3,237	562
Class of 2012	122	8,211	8,185	148
Class of 2013	0	3,763	3,424	339
Community Education Bookstore	101	1,869	1,796	174
Computer Club	146	183	0	329
Elementary Bookstore	25,139	22,043	23,085	24,097
Flower Fund	194	400	427	167
Football	41	12,420	12,220	241
Forensics	1,397	714	2,061	50
French Club	3,324	2,128	1,933	3,519
Future Farmers of America	6,787	187	0	6,974
Future Homemakers of America	9	0	0	9
High School Annual	6,860	15,950	20,646	2,164
High School Bookstore	606	4,597	4,641	562
High School Choir	0	790	779	11
High School Shop	797	3,838	4,255	380

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2006

	BALANCE 7/01/05	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/06
High School Social Committee	67	87	154	0
High School Tree Fund	209	175	43	341
Ice Mountain Development Project	0	30,000	18,363	11,637
Interest Account	184	3,958	3,387	755
J Stevens BB/SB Memorial Fund	1,120	0	0	1,120
Middle School Bookstore	2,091	39,960	38,453	3,598
Middle School Newspaper	722	2,042	2,649	115
Middle School Track	724	0	295	429
Middle School Student Council	7,155	5,527	4,674	8,008
Middle School Yearbook	4	1,293	1,252	45
Music Department	1,621	6,290	6,594	1,317
National Honor Society	443	3,895	3,823	515
OM Team	0	199	0	199
Parents for Kids	20,404	537	342	20,599
Senior D.C. Trip	1,218	25,997	25,536	1,679
Junior Varsity Softball	707	0	265	442
Softball	67	427	490	4
Students for Environmental Action	330	0	0	330
Spanish Club	403	3,840	1,641	2,602
Student Council	928	1,899	2,788	39
Students Against Drunk Driving	388	525	893	20
Sweet Shop	0	1,860	1,152	708
Wildcats Cove Bookstore	20	0	20	0
	<u>\$ 107,768</u>	<u>\$ 247,618</u>	<u>\$ 223,108</u>	<u>\$ 132,278</u>
Represented by				
Assets				
Cash	\$ 81,907			\$ 107,194
Investments	25,861			25,084
Total Assets	<u>\$ 107,768</u>			<u>\$ 132,278</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 107,768</u>			<u>\$ 132,278</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF 2005 TAX ROLL
YEAR ENDED JUNE 30, 2006

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND - (18.00 Mills)</u>				
<u>OSCEOLA COUNTY</u>				
City of Evart	\$ 40,719,044	\$ 732,942	\$ 460,088	\$ 272,854
City of Evart DDA	(123,178)	(2,150)	(2,150)	0
City of Evart - LDFA	0	0	0	0
Cedar Township	2,068,733	37,237	31,840	5,397
Evart Township	18,701,035	336,615	286,731	49,884
Hartwick Township	8,056,018	145,007	128,243	16,764
Hersey Township	181,748	3,271	2,626	645
Middle Branch Township	1,139,170	20,505	19,838	667
Orient Township	11,919,666	214,553	199,464	15,089
Osceola Township	7,399,882	133,197	110,568	22,629
Sylvan Township	11,120,906	200,174	172,307	27,867
<u>MECOSTA COUNTY</u>				
Chippewa Township	3,301,420	59,425	52,797	6,628
Grant Township	592,766	10,670	9,812	858
<u>CLARE COUNTY</u>				
Freeman Township	21,263	383	383	0
	<u>\$ 105,098,473</u>	<u>\$ 1,891,829</u>	<u>\$ 1,472,547</u>	<u>\$ 419,282</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF 2005 TAX ROLL
YEAR ENDED JUNE 30, 2006

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>DEBT SERVICE FUND</u>	- (2.40 Mills)			
<u>OSCEOLA COUNTY</u>				
City of Evart	\$ 51,981,033	\$ 124,751	\$ 84,099	\$ 40,652
Cedar Township	3,232,651	7,758	6,278	1,480
Evart Township	41,573,478	99,839	85,833	14,006
Hartwick Township	18,448,598	44,274	38,184	6,090
Hersey Township	541,270	1,299	1,008	291
Middle Branch Township	3,550,666	8,521	6,084	2,437
Orient Township	22,787,562	54,687	48,171	6,516
Osceola Township	23,766,978	57,037	47,520	9,517
Sylvan Township	25,381,320	60,910	52,017	8,893
<u>INDUSTRIAL FACILITIES TAX</u>	- (1.20 Mills)			
City of Evart	1,716,350	2,060	2,060	0
<u>MECOSTA COUNTY</u>				
Chippewa Township	8,806,663	21,136	18,749	2,387
Grant Township	2,333,692	5,601	5,105	496
<u>CLARE COUNTY</u>				
Freeman Township	55,994	134	51	83
	<u>\$204,176,255</u>	<u>\$ 488,007</u>	<u>\$ 395,159</u>	<u>\$ 92,848</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

COMPARATIVE SCHEDULE OF DEPOSITS AND INVESTMENTS
JUNE 30,

	<u>2006</u>		<u>2005</u>	
	<u>RATE</u>	<u>AMOUNT</u>	<u>RATE</u>	<u>AMOUNT</u>
<u>GOVERNMENT - WIDE FUNDS</u>				
<u>GENERAL FUND</u>				
Petty Cash		\$ 35		\$ 35
Checking	4.64%	254,600	2.61%	968,865
Checking - Cafeteria Plan	4.64%	23,471	2.61%	19,862
Building and Trades Money Market	4.30%	1,624	2.58%	77,251
Certificate of Deposit	5.00%	500,000		0
Certificate of Deposit	5.15%	200,000	3.15%	600,367
		<u>\$ 979,730</u>		<u>\$ 1,666,380</u>
<u>SPECIAL REVENUE FUNDS</u>				
Food Service				
Checking	4.64%	\$ 125,802	2.61%	\$ 156,076
Athletic Activities				
Checking	0.25%	383	0.25%	2,151
		<u>\$ 126,185</u>		<u>\$ 158,227</u>
<u>DEBT RETIREMENT FUND</u>				
2003 Bond Issue				
Bank One Short Term Investment Fund	4.81%	\$ 155,855		\$ 173,894
		<u>\$ 155,855</u>		<u>\$ 173,894</u>
 TOTAL GOVERNMENT - WIDE FUNDS		 <u>\$ 1,261,770</u>		 <u>\$ 1,998,501</u>
 <u>FIDUCIARY FUNDS</u>				
Checking	4.30%	\$ 95,332	2.58%	\$ 81,907
F.F.A. - Certificate of Deposit	2.72%	6,974	2.72%	6,787
Amy Gregory Memorial Savings	0.25%	11,862		0
Parents for Kids				
Certificate of Deposit	4.51%	3,181	2.37%	4,564
Certificate of Deposit	4.89%	14,929	2.83%	14,510
		<u>\$ 132,278</u>		<u>\$ 107,768</u>
 TOTAL FIDUCIARY FUNDS		 <u>\$ 132,278</u>		 <u>\$ 107,768</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SELECTED STATISTICAL DATA
YEARS 1997 TO 2006

SOURCE: ANNUAL AUDITED STATEMENTS

<u>YEAR ENDED JUNE 30,</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Taxable Value Homestead/ Non-Homestead	\$ 204,176,255	\$ 196,646,546	\$ 187,744,351	\$ 180,214,630
Taxable Value - Non-Homestead	\$ 105,098,473	\$ 95,936,783	\$ 81,348,985	\$ 79,588,370
Blended Student Count	1,202	1,246	1,255	1,261
Taxable Value (Non-Homestead) Per Student	\$ 87,436	\$ 76,996	\$ 64,820	\$ 63,115
Per Pupil Allowance	\$ 6,875	\$ 6,700	\$ 6,700	\$ 6,700
Mills Levied				
Operations - Non-Homestead	18.00	18.00	18.00	18.00
Debt	2.4	2.7	2.8	2.8
Property Tax Revenues				
Operations	\$ 1,891,829	\$ 1,726,780	\$ 1,443,017	\$ 1,432,576
Debt	\$ 488,007	\$ 521,400	\$ 513,315	\$ 490,384
State School Aid (Excluding Categoricals)	\$ 6,123,610	\$ 6,302,183	\$ 6,769,985	\$ 6,780,508
Other General Fund Data				
Total Fund Balance	\$ 1,523,630	\$ 1,927,082	\$ 2,222,836	\$ 2,195,581
Total Local Revenues	\$ 2,065,241	\$ 1,906,705	\$ 1,634,360	\$ 1,520,920
Total State Revenues	\$ 6,878,330	\$ 7,121,818	\$ 7,389,768	\$ 7,487,118
Total Expenditures	\$ 10,011,812	\$ 9,911,791	\$ 9,708,711	\$ 9,549,852
Long-Term Debt				
Serial Bonds	\$ 4,535,000	\$ 4,870,000	\$ 5,200,000	\$ 5,430,000
Special Assessments	\$ 0	\$ 0	\$ 0	\$ 0
Durant Bonds	\$ 71,120	\$ 71,120	\$ 71,120	\$ 71,120
Compensated Absences	\$ 97,476	\$ 107,007	\$ 107,167	\$ 81,577
Total Long-Term Debt	<u>\$ 4,703,596</u>	<u>\$ 5,048,127</u>	<u>\$ 5,378,287</u>	<u>\$ 5,582,697</u>

2002	2001	2000	1999	1998	1997
\$ 173,785,771	\$ 169,567,163	\$ 163,550,882	\$ 154,364,630	\$ 155,203,492	\$ 143,684,463
\$ 76,185,649	\$ 73,379,923	\$ 71,190,256	\$ 64,807,301	\$ 67,475,529	\$ 59,883,982
1,279	1,303	1,295	1,343	1,354	1,373
\$ 59,567	\$ 56,316	\$ 54,973	\$ 48,256	\$ 49,834	\$ 43,615
\$ 6,300	\$ 6,000	\$ 5,696	\$ 5,302	\$ 5,302	\$ 5,028
18.00 2.9	18.00 2.9	16.8729 3.1	17.4056 3.1	17.8794 3.2	18.00 3.5
\$ 1,371,342	\$ 1,320,839	\$ 1,201,187	\$ 1,128,010	\$ 1,206,423	\$ 1,077,913
\$ 486,825	\$ 472,423	\$ 484,658	\$ 454,745	\$ 465,238	\$ 467,855
\$ 6,822,523	\$ 6,380,684	\$ 5,806,480	\$ 5,904,451	\$ 6,034,107	\$ 6,160,054
\$ 2,110,250	\$ 1,852,403	\$ 1,713,019	\$ 1,812,520	\$ 1,712,273	\$ 1,371,657
\$ 1,491,083	\$ 1,439,995	\$ 1,329,552	\$ 1,244,905	\$ 1,375,958	\$ 1,193,103
\$ 7,560,311	\$ 7,145,332	\$ 6,523,127	\$ 6,321,205	\$ 6,410,878	\$ 6,556,431
\$ 9,146,782	\$ 8,905,964	\$ 8,332,545	\$ 7,777,073	\$ 7,657,939	\$ 8,026,859
\$ 5,650,000	\$ 5,845,000	\$ 6,015,000	\$ 6,160,000	\$ 6,285,000	\$ 6,390,000
\$ 387	\$ 740	\$ 1,071	\$ 1,379	\$ 1,670	\$ 1,940
\$ 71,120	\$ 81,162	\$ 90,752	\$ 99,911	\$ 111,322	\$ 0
\$ 82,310	\$ 85,618	\$ 85,682	\$ 67,965	\$ 69,756	\$ 63,389
<u>\$ 5,803,817</u>	<u>\$ 6,012,520</u>	<u>\$ 6,192,505</u>	<u>\$ 6,329,255</u>	<u>\$ 6,467,748</u>	<u>\$ 6,455,329</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING BONDS PAYMENT SCHEDULE
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	2003 Refunding School Bonds For 1995 Issue		
<u>PURPOSE</u>	The purpose of issuing refunding bonds is to realize a material economic savings as a result of a reduction of the debt service payments on the debt represented by the refunded bonds. The bonds refunded were originally issued on November 1, 1995 for the principal amount of \$6,615,000. The economic savings is \$325, 606 over the 13 years to the maturity of the refunding school bond issue.		
<u>DATE OF ISSUE</u>	September 30, 2003		
<u>INTEREST PAYABLE</u>	May 1, and Nov. 1, of each year		
<u>EFFECTIVE INTEREST RATE</u>	3.78%		
<u>AMOUNT OF ISSUE</u>	\$ 5,200,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$	330,000	
Current Year		<u>335,000</u>	<u>665,000</u>
<u>BALANCE OUTSTANDING - June 30, 2006</u>			<u>\$ 4,535,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2006	2.50%		\$ 83,334	\$ 83,334
May 1, 2007		\$ 370,000	83,334	453,334
November 1, 2007	3.00%		78,709	78,709
May 1, 2008		390,000	78,709	468,709
November 1, 2008	3.25%		72,859	72,859
May 1, 2009		410,000	72,859	482,859
November 1, 2009	3.50%		66,196	66,196
May 1, 2010		430,000	66,196	496,196

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING BONDS PAYMENT SCHEDULE
JUNE 30, 2006

<u>DUE DATES</u>	INTEREST RATES	REQUIREMENTS		
		PRINCIPAL	INTEREST	TOTAL
November 1, 2010	3.75%		58,671	58,671
May 1, 2011		445,000	58,671	503,671
November 1, 2011	4.00%		50,328	50,328
May 1, 2012		460,000	50,328	510,328
November 1, 2012	4.00%		41,127	41,127
May 1, 2013		480,000	41,127	521,127
November 1, 2013	4.00%		31,528	31,528
May 1, 2014		500,000	31,528	531,528
November 1, 2014	4.05%		21,527	21,527
May 1, 2015		520,000	21,527	541,527
November 1, 2015	4.15%		10,997	10,997
May 1, 2016		530,000	10,997	540,997
		<u>\$ 4,535,000</u>	<u>\$ 1,030,552</u>	<u>\$ 5,565,552</u>

ORIGINAL REDEMPTION

The bonds or portions of bonds maturing on or after May 1, 2014, are subject to redemption at the option of the issuer in multiples of \$5,000 in such order as the issuer may determine, by lot within any maturity, on any date occurring on or after May 1, 2013, at par and accrued interest to the date fixed for redemption.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

1998 DURANT SETTLEMENT BONDS PAYMENT SCHEDULE
JUNE 30, 2006

<u>TITLE OF ISSUE</u>	1998 School Improvement Bond
<u>PURPOSE</u>	The bonds were issued for improvements to site, school buses, equipment, building improvement, remodeling of existing facilities and other section 1351a of Act 451 purposes. The School District used the proceeds for building improvements which meet the above prescribed uses.
<u>DATE OF ISSUE</u>	November 15, 1998
<u>AVERAGE INTEREST RATE</u>	4.06992%
<u>INTEREST AND PRINCIPAL PAYABLE</u>	May 15 of each year
<u>AMOUNT OF ISSUE</u>	\$ 111,322
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 40,202
Current Year	<div style="display: flex; justify-content: space-between;"> 0 40,202 </div>
<u>BALANCE OUTSTANDING - June 30, 2006</u>	<div style="display: flex; justify-content: space-between;"> \$ 71,120 </div>

<u>DUE DATES</u>	<u>REQUIREMENTS</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 15, 2007	\$ 30,234	\$ 6,655	\$ 36,889
May 15, 2008	6,153	1,664	7,817
May 15, 2009	6,404	1,414	7,818
May 15, 2010	6,664	1,153	7,817
May 15, 2011	6,936	882	7,818
May 15, 2012	7,218	599	7,817
May 15, 2013	7,511	306	7,817
	<div style="display: flex; justify-content: space-between;"> \$ 71,120 \$ 12,673 \$ 83,793 </div>		

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

1998 DURANT SETTLEMENT BONDS PAYMENT SCHEDULE
JUNE 30,2006

REDEMPTION PRIOR TO MATURITY

There is no provision for early redemption

TAX LEVY/STATE AID

The revenues to retire the Durant Settlement Bonds is to come from yearly transfers of state aid from the State of Michigan, thus, no property taxes are levied for these

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2006

PROPERTY VALUATIONS

In accordance with Act 539, Public Acts of Michigan, 1982, and Article IX, Section 3 of the Michigan Constitution, the ad valorem state equalized valuation represents 50% of true cash value. State equalized valuation does not include any value of tax exempt property (e.g. churches, governmental property) or property granted tax abatements under either Act 198, Public Acts of Michigan, 1974, as amended, or Act 255, Public Acts of Michigan, 1978, as amended. Beginning in 1995, ad valorem property taxes are assessed on the basis of taxable value, which is subject to assessment caps.

Taxable property in the School District is assessed by the local municipal assessors, and is subject to review by the County Equalization Department.

Historical Valuation

	YEAR	TAXABLE VALUE		YEAR	TAXABLE VALUE
*	2005	\$ 202,459,905		2000	\$ 156,241,763
	2004	189,597,440		1999	149,131,532
	2003	178,808,970		1998	139,019,480
	2002	169,932,030		1997	135,570,192
	2001	161,955,771		1996	123,661,463

- * Approximately \$97,361,432 of the Taxable Value not including industrial facility valuations, is classified as homestead property. The non-homestead taxable value is \$105,098,473, which is used to levy the 18 mills of operating millage. Refer to Schedule 1 for a by taxing unit breakdown.

Source: Counties of Osceola, Mecosta, and Clare

Per Capita Taxable Valuation

2005 per Capita Taxable Valuation	\$ 27,677
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Industrial Facilities Tax

Act 198 of the Public Acts of Michigan, 1974, as amended ("Act 198"), provides significant property tax incentives to industry to renovate and expand aging plants and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2006

Property tax owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem taxes on the facility and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the state equalized valuation of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. New plants and equipment receiving their abatement certificate prior to January 1, 1994 are taxed at one-half the total mills levied by all taxing units, other than mills levied for local and intermediate school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for school operating purposes in 1993.

For new facility abatements granted after 1993, new plants and equipment are taxed at one-half of the new facility abatements granted after 1993, new plants and equipment are taxed at one-half of the total mills levied as ad valorem property taxes by all taxing units except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198.

The City of Evart has the following IFT abatements

	<u>EXPIRES</u> <u>12/31</u>	<u>AMOUNT</u>
Evart ProductsTextron	2009	\$ <u><u>1,716,350</u></u>

Source: City of Evart

Downtown Development Authority (DDA)

The Downtown Development Authority enabling legislation (Act No. 197, Public Acts of Michigan, 1975, as amended), enables downtown development authorities to undertake a broad range of downtown improvement activities which will contribute to the economic growth and the halting of deterioration of property values in a designated downtown district.

In order to provide an authority with the means of financing the planning and implementation of development proposals, the statute affords the opportunity to undertake tax increment financing of development programs. These programs must be identified in a tax increment financing plan which has been approved by the governing body of a municipality.

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EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2006

Simply stated, tax increment financing permits an authority to capture tax revenues attributable to increases in value of real and personal property located within an approved development area. The increases in property value may be attributable to new construction, rehabilitation, remodeling, alterations, additions or to such other factors as the assessor may deem appropriate.

The City of Evart has one DDA district. The base year was 1987 and the DDA had an ad valorem valuation of \$4,092,200. The 2005 ad valorem valuation was \$3,772,886, for a captured valuation of \$123,178. The limited captured amount is due to the level of eligible obligations in the district. The DDA does not capture the School District's debt tax levies.

Source: City of Evart

Local Development Finance Authority (LDFA)

Act 281 of the Public Acts of Michigan, 1986 as amended, ("Act 281"), enables cities, villages or urban townships to establish a Local Development Finance Authority (LDFA) for the purpose of encouraging local development to prevent conditions of unemployment and promote economic growth. Among the powers granted to the LDFA are the ability to plan and propose the development or redevelopment of property and improvements within a designated development area and the ability to implement an approved development plan.

In order to provide a LDFA with the means of financing development proposals, Act 281 authorizes and permits the use of tax increment financing to finance development plans and programs. These programs must be identified in a tax increment financing plan which has been approved by the governing body of a municipality. Tax increment financing permits a LDFA to capture tax revenues attributable to increase in the value of real and personal property located within an approved development area. The increase in property value may be attributable to new construction, rehabilitation, remodeling, alterations, additions or any other factors which cause growth in value.

The City of Evart has one LDFA district with a 1990 base year initial assessed valuation of \$420,000. The 2005 ad valorem valuation was \$11,221,405, with a limited captured valuation of \$0. The limited captured amount is due to the level of eligible obligations in the district. The LDFA also has captured valuations of Industrial Facilities Tax (IFT), but these IFT levies do not finance the School operations, thus, their capture by the LDFA has no effect on the School. The LDFA does not capture the School District's debt tax levies.

Source: City of Evart

MAJOR TAXPAYERS

The top ten non-homestead taxpayers in the School District and their 2005 ad valorem taxable value are as follows:

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2006

TAXPAYER	PRODUCT/SERVICE	TAXABLE VALUE
PPG Industries Inc.	Glass Products	\$ 10,430,500
Evart Products Textron	Automotive Plastics	8,225,398
Liberty Dairy Company Inc.	Dairy Products	4,095,817
Collins Aikman	Automotive Products	3,081,800
Mid Michigan Gas Storage Company	Gas Storage	3,009,410
Consumers Energy Company	Utilities Services	2,686,275
Textron Automotive	Automotive Products	2,318,565
Michigan Consolidated Gas Company	Utilities Services	1,326,400
ANR Pipeline Company	Gas Transmission	1,215,450
State of Michigan	Department of Natural Resources	1,148,878
TOTAL		<u>\$ 37,538,493</u>

The Taxable Values of the above taxpayers represent 35.7% of the School District's 2005 Non-Homestead Taxable Value of \$105,098,473.

Source: Osceola, Mecosta, and Clare County Departments of Equalization.

TAX RATES (Per \$1,000 of Valuation)

Under Michigan statutes, the property tax base used for levies authorized for school districts is the same as

School District Tax Rates

	2005	2004	2003	2002	2001
<u>Evart Public Schools</u>					
Voted	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	2.4000	2.7000	2.8000	2.8000	2.9000
TOTAL NON-HOMESTEAD	<u>20.4000</u>	<u>20.7000</u>	<u>20.8000</u>	<u>20.8000</u>	<u>20.9000</u>
TOTAL HOMESTEAD	<u>2.4000</u>	<u>2.7000</u>	<u>2.8000</u>	<u>2.8000</u>	<u>2.9000</u>

Other Tax Rates

State Education Fund *	6.0000 *	6.0000 *	5.0000 *	6.0000 *	6.0000
Osceola County	9.1851	9.1999	9.1661	9.2373	10.1861
City of Evart	14.5539	14.5539	14.5539	14.5539	14.8905
Mecosta-Osceola I/S/D	4.0874	4.0931	4.1080	4.1472	4.0597

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2006

- * Pursuant to a ballot proposal approved by the electors of the State of Michigan on March 15, 1994, beginning with the December 1, 1994, tax levy, the State of Michigan levies 6.00 mills for school operating purposes on all homestead and non-homestead property located within the School District. The State mills were reduced to 5.00 mills for the 2003 tax levy and then raised back to 6.00 mills for 2004 and levied in the summer, instead of the winter tax roll. The School District levies 18.00 mills of voted operating millage on non-homestead property and authorized debt millage on all homestead and non-homestead property located within the School District. The School's operations are funded by an 18.00 mill levy with the balance of a per pupil allowance guaranteed by the State of Michigan education fund which is funded by the 6 mill levy noted above as well as sales tax and other statewide sources. Debt millage is also collected on the Industrial Facilities Taxable Values at one-half of the 2.40 debt mills or 1.20 mills. The total equivalent debt taxable value is approximately \$203,318,080 for 2005.

Source: Osceola, Mecosta, and Clare County Departments of Equalization.

TAX LEVIES AND COLLECTIONS

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due December 1 of each fiscal year and are payable without interest or penalty on or before the following February 14. All real property taxes remaining unpaid on March 1st of the year following the levy are turned over to the County Treasurers for collection. Osceola, Mecosta, and Clare Counties annually pay from their Tax Revolving Funds delinquent taxes on real property to all taxing units in the Counties, including the School District, shortly after the date delinquent taxes are returned to the County Treasurers for collection. The payments from these funds have resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible.

A history of tax levies and collections for the School District is as follows:

YEAR	OPERATING TAX LEVY	COLLECTIONS TO MARCH 1, EACH YEAR	COLLECTIONS TO JUNE 30 EACH YEAR
2005	\$ 1,891,829	\$ 1,472,547	77.84% \$ 1,890,943 99.95%
2004	\$ 1,726,780	\$ 1,516,219	87.81% \$ 1,718,578 99.53%
2003	\$ 1,443,017	\$ 1,264,635	87.64% \$ 1,436,380 99.54%
2002	\$ 1,432,576	\$ 1,286,413	89.80% \$ 1,417,964 98.98%
2001	\$ 1,371,342	\$ 1,226,786	89.46% \$ 1,365,940 99.60%
2000	\$ 1,320,840	\$ 1,136,098	86.01% \$ 1,298,675 98.32%
1999	\$ 1,201,186	\$ 1,036,541	86.29% \$ 1,184,100 98.58%
1998	\$ 1,128,010	\$ 969,087	85.91% \$ 1,111,340 98.52%
1997	\$ 1,206,423	\$ 1,067,245	88.46% \$ 1,185,528 98.27%
1996	\$ 1,077,913	\$ 943,112	87.49% \$ 1,059,447 98.29%

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2006

Source: Schools District

The Tax Revolving Funds are financed through the issuance of Delinquent Tax Anticipation Notes (DTANs). Although the Counties anticipate the continuance of these programs, the ability to issue such DTANs is subject to Michigan Department of Treasury approval and market conditions at the time of offering. In addition, Act 206 of 1893, as amended, provided in part that: "The primary obligation to pay to the county the amount of taxes and interest thereon shall rest with the local taxing units, and if the delinquent taxes which are due and payable to the county are not received by the county for any reason, the county has full right of recourse against the taxing unit to recover the amount thereof and interest thereon..." On the first Tuesday in May in each year, tax sales are held by the Counties at which lands delinquent for taxes assessed in the second year, preceding the sale, or in a prior year are sold for the total of the unpaid taxes of those years.

LABOR FORCE

A breakdown of the number of employees of Evart Public Schools and their affiliation with organized groups is as follows:

EMPLOYEES	NUMBER	BARGAINING UNIT	CONTRACT EXPIRATION
Administrators	7	Non-Affiliated	N/A
Teachers	76	MEA	2006
Secretaries	7	MEA	2006
Aides	20	MEA	2006
Maintenance/Custodial	6	MEA	2006
Transportation	11	MEA	2006
Food Service	10	MEA	2006
Other	<u>8</u>	Non-Affiliated	2006
TOTAL STAFF	145		

The school District has not experienced a strike by any of its bargaining units within the past ten years.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2006

PENSION FUND

The School District pays an amount equal to 16.34% of its employees' wages to the Michigan Public School Employees Retirement System ("MPERS"), which is administered by the State of Michigan. These contributions are required by law. Prior to the 1994/1995 school year, the School District paid an amount equal to 5% of its employees' wages. The School District's contributions for the past five years are shown below. The School District does not have an unfunded accrued liability under MPERS.

<u>YEAR ENDING</u> <u>JUNE 30</u>	<u>PAID TO</u> <u>PENSION FUND</u>
2006	\$ 939,841
2005	\$ 840,641
2004	\$ 743,575
2003	\$ 730,039
2002	\$ 687,275

Effective January 1, 1987, members of MPERS may irrevocably elect to contribute a percentage of their gross wages on a tax deferred basis to a "member investment plan" ("MIP") which qualifies them for additional benefits. The current contribution rate of 3.9% became effective January 1, 1990, representing a change from the previous contribution rate of 4%. This option to review and adjust the contribution rate is available to MPERS members, if necessary, every three years. All employees hired after January 1, 1990 will contribute to the plan at a graduated rate of their gross wages. If a member leaves MPERS service before a retirement benefit has vested, the member's accumulated contributions to MIP, plus interest, if any, are refundable.

DEBT STATEMENT (As of June 30, 2006 and including the Bonds described herein)

DIRECT DEBT

<u>DATE</u> <u>ISSUED</u>	<u>PURPOSE</u>	<u>TYPE</u>	<u>INTEREST</u> <u>PAID</u>	<u>MATURITIES</u>	<u>AMOUNT</u> <u>OUTSTANDING</u>
9/30/03	Refunding Bonds	UTQ	Schedule 5	5-1-05/2016	\$ 4,535,000
11/15/98	Durant Settlement	Self Liquidating	Schedule 6	5-1-99/2013	71,120
NET DIRECT DEBT					<u>\$ 4,606,120</u>

Source: School District

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2003 REFUNDING GENERAL OBLIGATION BONDS CONTINUING DISCLOSURE
JUNE 30, 2006

SCHOOL ENROLLMENT

Historical enrollment for the School District (Blended February and September Count Dates) is as follows:

SCHOOL YEAR	ENROLLMENT	SCHOOL YEAR	ENROLLMENT
2005/06	1202	2000/01	1303
2004/05	1246	1999/00	1295
2003/04	1255	1998/99	1343
2002/03	1261	1997/98	1354
2001/02	1279	1996/97	1373

Enrollment by grades - 2005/06 (Blended February and September Count Dates) is as follows:

Kindergarten	76	Seventh	87
First	74	Eighth	101
Second	72	Ninth	91
Third	76	Tenth	96
Fourth	65	Eleventh	90
Fifth	79	Twelfth	91
Sixth	85	Special Education	74
		Alternative Education	45
		TOTAL	<u><u>1,202</u></u>

Projected enrollment - five years hence - 2010/11

K-4	380
5-8	370
9-12	360
Alternative Education	<u>10</u>
TOTAL	<u><u>1,120</u></u>

Source: School District

GENERAL FUND BUDGET

See - Pages 26 and 27

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

SINGLE AUDIT

JUNE 30, 2006

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SINGLE AUDIT
YEAR ENDED JUNE 30, 2006

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CERTIFIED PUBLIC ACCOUNTANTS

July 7, 2006

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education
Evart Public Schools
Evart, Michigan

COMPLIANCE

We have audited the compliance of Evart Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Evart Public Schools major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Evart Public Schools' management. Our responsibility is to express an opinion on Evart Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Evart Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Evart Public Schools' compliance with those requirements.

In our opinion Evart Public Schools complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

INTERNAL CONTROL OVER COMPLIANCE

The management of Evert Public Schools' is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Evert Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Evert Public Schools as of and for the year ended June 30, 2006, and have issued our report thereon dated July 7, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Evert Public Schools basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2006	ADJUSTMENTS
U.S. Department of Education								
Passed Through Michigan Department of Education (M.D.E.)								
Title I Part A Imp Basic Program								
Project No. 051530-0405	84.010	\$ 354,628	\$ 56,831	\$ 351,438	\$ 3,190	\$ 60,021	\$ 0	\$ 0
Project No. 061530-0506	84.010	358,947	0	0	358,947	288,522	70,425	0
Total	84.010	<u>713,575</u>	<u>56,831</u>	<u>351,438</u>	<u>362,137</u>	<u>348,543</u>	<u>70,425</u>	<u>0</u>
Handicapped Preschool & School Program/CIMS Grant								
Project No. 060440-SPSR	84.027	\$ 4,130	\$ 0	\$ 0	\$ 804	\$ 0	\$ 804	\$ 0
Drug Free Schools and Communities								
Project No. 062860-0506	84.186	\$ 26,456	\$ 0	\$ 0	\$ 26,456	\$ 7,887	\$ 18,569	\$ 0
Title V Part A LEA Allocation								
Project No. 050250-0405	84.298	\$ 15,300	\$ 2,724	\$ 15,300	\$ 0	\$ 2,724	\$ 0	\$ 0
Project No. 060250-0506	84.298	9,913	0	0	9,913	9,913	0	0
Total	84.298	<u>25,213</u>	<u>2,724</u>	<u>15,300</u>	<u>9,913</u>	<u>12,637</u>	<u>0</u>	<u>0</u>
Title II Part D Technology Literacy Challenge Grant								
Project No. 054290-0405	84.318	\$ 8,825	\$ 4,750	\$ 8,825	\$ 0	\$ 4,750	\$ 0	\$ 0
Project No. 064290-0506	84.318	6,478	0	0	6,478	0	6,478	0
Total	84.318	<u>15,303</u>	<u>4,750</u>	<u>8,825</u>	<u>6,478</u>	<u>4,750</u>	<u>6,478</u>	<u>0</u>
Comprehensive School Reform Demonstration Program								
Project No. 041870-0405	84.332	\$ 221,949	\$ 8,216	\$ 193,448	\$ 28,501	\$ 36,717	\$ 0	\$ 0
Project No. 051870-0506	84.332	220,000	0	0	202,961	185,454	17,507	0
Total	84.332	<u>441,949</u>	<u>8,216</u>	<u>193,448</u>	<u>231,462</u>	<u>222,171</u>	<u>17,507</u>	<u>0</u>
Title II Part A Improving Teacher Quality								
Project No. 050520-0405	84.367	\$ 95,981	\$ 22,420	\$ 95,981	\$ 0	\$ 22,420	\$ 0	\$ 0
Project No. 060520-0506	84.367	93,881	0	0	93,881	78,064	15,817	0
Total	84.367	<u>189,862</u>	<u>22,420</u>	<u>95,981</u>	<u>93,881</u>	<u>100,484</u>	<u>15,817</u>	<u>0</u>
Total Passed Through M.D.E.		<u>\$ 1,416,488</u>	<u>\$ 94,941</u>	<u>\$ 664,992</u>	<u>\$ 731,131</u>	<u>\$ 696,472</u>	<u>\$ 129,600</u>	<u>\$ 0</u>
Passed Through Mecosta-Osceola Intermediate School District (I.S.D.)								
IDEA Transition Grant								
Project No. 060490-37 TS	84.027A	\$ 1,888	\$ 1,030	\$ 1,888	\$ 1,888	\$ 2,918	\$ 0	\$ 0
IDEA Flowthrough Grant								
Project No. 060450-0506	84.027	\$ 15,000	\$ 0	\$ 0	\$ 15,000	\$ 15,000	\$ 0	\$ 0
Total Passed Through I.S.D.		<u>\$ 16,888</u>	<u>\$ 1,030</u>	<u>\$ 1,888</u>	<u>\$ 16,888</u>	<u>\$ 17,918</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total U.S. Department of Education		<u>\$ 1,433,376</u>	<u>\$ 95,971</u>	<u>\$ 666,880</u>	<u>\$ 748,019</u>	<u>\$ 714,390</u>	<u>\$ 129,600</u>	<u>\$ 0</u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2005	(MEMO ONLY) PRIOR YEAR EXPENDITURES	(A) CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2006	ADJUSTMENTS
U.S. Department of Health and Human Services								
Passed Through Michigan Family Independence Agency								
Family Preservation and Support Services								
Project No. SFSC 04-67003	93.556	\$ 20,500	\$ 3,966	\$ 18,334	\$ 2,166	\$ 6,132	\$ 0	\$ 0
Project No. SFSC 04-67003	93.556	24,500	0	0	21,412	9,471	11,941	0
Total	93.556	\$ 45,000	\$ 3,966	\$ 18,334	\$ 23,578	\$ 15,603	\$ 11,941	\$ 0
Passed Through Mecosta-Osceola Intermediate School District (I.S.D.)								
Medicaid Outreach								
Project No. None	93.778	\$ 3,486	\$ 0	\$ 0	\$ 3,486	\$ 3,486	\$ 0	\$ 0
Total U.S. Department of Health and Human Services		\$ 48,486	\$ 3,966	\$ 18,334	\$ 27,064	\$ 19,089	\$ 11,941	\$ 0
U.S. Department of Homeland Security								
Passed Through Michigan State Police, Emergency Management Division								
2003 State Homeland Security Grant Program, Part II Equipment								
Project No. None	97.004	\$ 4,950	\$ 0	\$ 0	\$ 4,950	\$ 4,950	\$ 0	\$ 0
U.S. Department of Agriculture								
Passed Through Michigan Department of Education								
Child Nutrition Cluster								
National School Lunch								
Section 4 - Total Servings - 051960-061950	10.555	\$ 29,722	\$ 0	\$ 0	\$ 29,722	\$ 29,722	\$ 0	\$ 0
Section 11 - Total Servings - 051960-061960	10.555	159,311	0	0	159,311	159,311	0	0
Total	10.555	\$ 189,033	\$ 0	\$ 0	\$ 189,033	\$ 189,033	\$ 0	\$ 0
National School Lunch - Breakfast 051970 and 061970	10.553	\$ 84,570	\$ 0	\$ 0	\$ 84,570	\$ 84,570	\$ 0	\$ 0
Total Child Nutrition Cluster		\$ 273,603	\$ 0	\$ 0	\$ 273,603	\$ 273,603	\$ 0	\$ 0
Food Distribution								
Entitlement Commodities	10.550	\$ 22,867	\$ 0	\$ 0	\$ 23,390	\$ 23,390	\$ 0	\$ 0
Total U.S. Department of Agriculture		\$ 296,470	\$ 0	\$ 0	\$ 296,993	\$ 296,993	\$ 0	\$ 0
Total Federal Financial Assistance		\$ 1,783,282	\$ 99,937	\$ 685,214	\$ 1,077,026 (B)	\$ 1,035,422 (C)	\$ 141,541	\$ 0

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(A) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the school district. The significant accounting policies used are described in footnote (1) to the June 30, 2006 basic financial statements.

(B) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenues from Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balance	\$ <u>1,077,026</u>
Federal Expenditures per Schedule of Expenditures of Federal Awards	\$ <u>1,077,026</u>

(C) Reconciliation of Grant Section Auditor's Report with Schedule of Expenditures of Federal Awards

Current Cash Payments per Grant Section Auditor's Report dated June 30, 2006	\$ 1,004,733
Add Items Not on Grant Section Auditor's Report:	
Amounts Received as Pass Through from Intermediate School Districts	
IDEA Transition Grants	\$ 2,918
IDEA Flowthrough Grant	15,000
Medicaid Outreach	3,486
Michigan Family Independence Agency	
Family Preservation and Support Services	15,603
Amounts Received as Payments in Kind	
Food Distribution Program	
Entitlement Commodities	23,390
Amounts Received through Michigan State Police	
Homeland Security Grant	4,950
Cash Received in 2005-2006 Fiscal Year, but Reported On Prior Year Grant Section Auditor's Report	<u>94,942</u> 160,289
Less Cash Not Received until after June 30, 2006, but on June 30, 2006 Grant Section Auditor's Report	(129,600)
Current Year Receipts (Cash Basis) per Schedule of Expenditures of Federal Awards	\$ 1,035,422

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

July 7, 2006

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education
Ewart Public Schools
Ewart, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ewart Public Schools as of and for the year ended June 30, 2006, and have issued our report thereon dated July 7, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Ewart Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely effect Ewart Public Schools' ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2006-A.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to the management of Evart Public Schools in a separate letter dated July 7, 2006.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Evart Public Schools' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Finding 2005-a (from the 2004/2005 fiscal year)

The District has a limited number of people involved in the accounting function due to financial constraints in allocating resources to this activity. This condition hampers the ability of the District to adequately segregate duties to enhance internal control.

The District is aware of this limitation and continues to explore cost effective measures to improve this internal control limitation.

This finding is repeated for the current fiscal year.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Material weakness(es) identified:	_____ Yes	_____ X _____ No	
Reportable conditions(s) identified that are not considered to be material weaknesses?	_____ X _____ Yes	_____ No	
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified:	_____ Yes	_____ X _____ No	
Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X _____ No	
Type of auditors' report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133?	_____ Yes	_____ X _____ No	

The programs tested as major programs included:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I - Improving Basic Programs
84.332	Comprehensive School Reform

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
--	-----------

Auditee qualified as low-risk auditee?	_____ Yes	_____ X _____ No
--	-----------	------------------

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

B. Findings - Basic Financial Statements Audit

2006-A

Reportable Conditions:

- a. The relatively small number of people involved in the accounting functions of the District make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not feasible for the Board to establish a larger accounting staff in order to implement proper segregation of duties.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. The reportable condition noted above was not considered to be a material weakness.

Corrective Action Plan

Inadequate segregation of duties

With the status of state funding, the District is unable to hire additional employees at this time to improve the segregation of duties within the accounting function. We realize that segregation of duties is important in order to increase internal control. Management oversight has been an alternative means of monitoring internal control along with continuing to try and reassign some duties within the accounting department to other staff members. We still are exploring ways to spread some of the day-to-day accounting responsibilities. The District and Superintendent Dan Bachman will continue to monitor the situation and explore cost effective ways to improve this internal control limitation.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

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CERTIFIED PUBLIC ACCOUNTANTS

July 7, 2006

Board of Education and Superintendent Hyde
Evart Public Schools
321 N. Hemlock Street
Evart, MI 49631

During our audit of the basic financial statements of the Evart Public Schools for the year ended June 30, 2006, we noted the following items which we believe should be considered for adoption into the management and accounting procedures of the school district:

Act 621 (Uniform Budgeting and Accounting Act)

The District did a very excellent job in budgeting for the year 2005/2006. The Athletic Activities Fund overspent the current appropriation; however this was due to our year-end adjustments. We feel each person did an excellent monitoring job of the funds assigned to them.

Budgeting

The District currently does an excellent job formulating and monitoring the annual budget function. The Michigan Department of Education is working towards various policy adjustments in regards to budget violations and are considering retroactive implementation of these policies to the 2004-2005 and the 2005-2006 fiscal years.

Specifically, the Department will be focusing on a couple of significant areas as it relates to the General Fund.

1. Total Expenditure violations that exceed 1% of the Total Expenditures budget.
2. Total Other Financing Uses violations that exceed 1% of the Total Other Financing Uses budget.

We have reviewed the Districts 2004-2005 and 2005-2006 fiscal years financial statements and found no violations of the items listed.

A budget violation would include incurring expenditures in excess of the approved appropriation, ending the fiscal year with a deficit fund balance or adopting a budget that would result in a deficit fund balance.

The Department is also considering that a violation for the 2005-2006 fiscal year may also include a situation where the District did not achieve their full revenue budget and, at the same time, depleted the district fund balance beyond what had been approved.

These proposed policy adjustments will place a renewed importance on the need to monitor the budget process very closely.

We recommend the District review the 2006-2007 budget to make sure that actual revenues will be greater than budgeted revenues, that actual expenditures by function will not be greater than appropriated and that a negative fund balance is not budgeted.

In addition, the conference agreement relative to the 2006-2007 state school aid act reached July 12 2006 includes a provision that will require the District to begin posting the annual operating budget as well as subsequent budget amendments on the website for the District. It is expected that this requirement will become effective October 1, 2006. As a result, the District should begin preparing to meet this new requirement.

LDFA-DDA Captured Tax

We would note that the years of 1999 through 2003 have not yet been finalized for taxes captured by the LDFA, DDA, of the City of Evart. We recommend the District continue to monitor any proposed changes by the state and possibly contact them to inquire when audit adjustments might be expected.

Overpaid State Aid

The District received approximately \$88,000 for 2001 and \$74,000 for 2002 of State Aid due to incorrect reporting of capture amounts as they relate to the City of Evart - LDFA and DDA. This has been a chronic problem over many years. For the year 2003, the school was underpaid approximately \$78,000. The District received the 2003 underpayment from the City of Evart – LDFA in March 2005. For the tax year of 2004 the amounts captured and the amounts reported to the county agreed. Total capture was \$2,379 a substantial reduction from the 2003 captured amount.

We do not expect the corrected amounts to be supplied to the county until the situation discussed in the prior note is settled, and an updated and corrected reporting procedure by the LDFA and DDA is administered.

Condition of the Accounting Records

We would like to commend the School staff and administration for an excellent job in maintaining the School District's records for the year 2005/2006. We appreciate the staff's attention to detail and their ability to continue to keep up on the changes that the State of Michigan has generated over the last few years.

Reportable Condition in Internal Controls

The following is a communication which is required by Statement on Auditing Standards Number 60.

In planning and performing our audit of the general-purpose financial statements of the Evart Public Schools for the year ended June 30, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the District makes it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce, to a relatively low level, the risk that errors or irregularities in the amounts that would be material to the general-purpose financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is not a material weakness.

We realize that it is not feasible for the Board to establish a larger accounting staff in order to implement proper segregation of duties. As a possible alternative to improving the segregation of duties, the Board should insure that fidelity bonds are maintained for all persons responsible for handling District funds.

We wish to take this opportunity to thank the Board for again awarding this firm the audit assignment of the District, and the administration and staff for their cooperative spirit and assistance in helping us fulfill this audit assignment. If you have any questions relative to the above comments and recommendations or other areas of your annual audit, please feel free to contact us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.